



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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David A. Vaudt, CPA  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

February 22, 2012

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Boone County, Iowa.

The County had local tax revenue of \$37,594,538 for the year ended June 30, 2011, which included \$1,285,940 in tax credits from the state. The County forwarded \$29,993,498 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,601,040 of the local tax revenue to finance County operations, a 7% increase over the prior year. Other revenues included charges for service of \$3,893,829, operating grants, contributions and restricted interest of \$6,261,151, capital grants, contributions and restricted interest of \$3,759,432, local option sales tax of \$833,991, unrestricted investment earnings of \$108,401 and other general revenues of \$465,639.

Expenses for County operations totaled \$19,707,400, a 6% increase over the prior year. Expenses included \$6,133,641 for roads and transportation, \$3,020,269 for public safety and legal services and \$2,595,672 for County environment and education.

The increase in revenues and expenses is due primarily to an increase in operating grants, contributions and restricted interest to pay for flood related repairs.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1110-0008-B00F.pdf>.

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**BOONE COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2011**

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**Boone County**

**Officials**

**(Before January 2011)**

| <u>Name</u>        | <u>Title</u>         | <u>Term Expires</u> |
|--------------------|----------------------|---------------------|
| Michael O'Brien    | Board of Supervisors | Jan 2011            |
| Thomas Foster      | Board of Supervisors | Jan 2013            |
| William Lusher     | Board of Supervisors | Jan 2013            |
| Philippe Meier     | County Auditor       | Jan 2013            |
| Darcy Bosch        | County Treasurer     | Jan 2011            |
| Sheryl Thul        | County Recorder      | Jan 2011            |
| Ronald Fehr        | County Sheriff       | Jan 2013            |
| Jim Robbins        | County Attorney      | Jan 2011            |
| D. Kevin Burggraaf | County Assessor      | Jan 2016            |

**(After January 2011)**

|                    |                      |          |
|--------------------|----------------------|----------|
| Thomas Foster      | Board of Supervisors | Jan 2013 |
| William Lusher     | Board of Supervisors | Jan 2013 |
| Steve Duffy        | Board of Supervisors | Jan 2015 |
| Philippe Meier     | County Auditor       | Jan 2013 |
| Darcy Bosch        | County Treasurer     | Jan 2015 |
| Sheryl Thul        | County Recorder      | Jan 2015 |
| Ronald Fehr        | County Sheriff       | Jan 2013 |
| Jim Robbins        | County Attorney      | Jan 2015 |
| D. Kevin Burggraaf | County Assessor      | Jan 2016 |

**Boone County**



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Independent Auditor's Report

To the Officials of Boone County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Boone County's management. Our responsibility is to express opinions on these financial statements based on our audit.

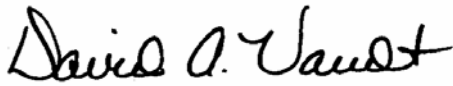
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

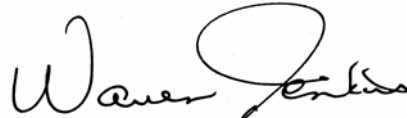
In accordance with Government Auditing Standards, we have also issued our report dated February 2, 2012 on our consideration of Boone County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 19 and 54 through 58 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boone County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 2, 2012



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Boone County provides this Management's Discussion and Analysis of the Boone County fiscal year (FY) 2011 financial statements. The purpose of this portion of the financial report is to discuss an overview of the activities of the year to augment the numbers presented in the balance of the report. It is hoped this section will assist readers in understanding the events that significantly affected the financial position of Boone County as a whole.

This is the ninth year Boone County has reported all activities on a full accrual basis, as required by the reporting standards of Governmental Accounting Standards Board (GASB) Statement No. 34. This year's financial information will be compared to FY2010 information.

### **FISCAL YEAR 2011 FINANCIAL HIGHLIGHTS**

- Boone County's governmental activities revenues increased \$2,085,968, or 11.1%, compared to FY2010. Taxes levied on property increased \$458,945, or 6.5%, from FY2010.
- Boone County's governmental activities expenses increased \$1,004,085, or 6.1%, compared to FY2010.
- Boone County's net assets increased approximately \$3,216,000 over FY2010, or approximately 7.6%.

### **USING THIS ANNUAL REPORT**

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required and other supplementary information. The financial statements include two kinds of statements that present different views of Boone County.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about Boone County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of Boone County, reporting Boone County's operations in more detail than the government-wide statements.
- The governmental fund financial statements explain how basic services, such as public safety, mental health and secondary road maintenance and construction, were financed in the short term as well as what remains for future spending.
- Proprietary fund financial statements offer short term and long term financial information about activities Boone County operates like a business. In Boone County, the landfill operations and ground water tax are the only enterprises reported as proprietary funds.
- Fiduciary fund financial statements provide information about financial relationships for which Boone County acts solely as a trustee or agent to benefit others. Examples of these funds include Empowerment Funds, Emergency Management Funds and tax funds collected and distributed to schools, cities and other taxing authorities.

The financial statements also include notes to explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of Boone County's budget for FY2011, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan. Other supplementary information provides detailed information about nonmajor governmental funds and Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

## **REPORTING THE COUNTY AS A WHOLE**

### *Government-wide Financial Statements*

The government-wide financial statements report information about Boone County as a whole using accounting methods similar to those used in private-sector companies. The Statement of Net Assets includes all of Boone County's assets and liabilities. All the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash was received or paid.

The two government-wide financial statements report Boone County's net assets and how they have changed. Net assets - the difference between Boone County's assets and liabilities - are one way to measure Boone County's financial health or position.

- Over time, increases or decreases in Boone County's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess Boone County's overall financial health, readers need to consider Boone County's property tax base and the condition of its buildings and other facilities.

In the government-wide financial statements, Boone County's activities are divided into two categories:

- Governmental activities: Boone County's basic services are included here, including public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities.
- Business type activities: The Boone County Landfill charges fees to cover the services it provides. The Boone County Landfill's financial information is presented here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about Boone County's funds, focusing on its most significant or "major" funds - not Boone County as a whole. Funds are accounting devices Boone County uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and bond covenants.
- Boone County establishes other funds to control and manage money for particular purposes or to show it is properly using certain revenues, such as federal grants.

Boone County has three types of funds:

1) **Governmental Funds:** Most of Boone County's basic services are included in governmental funds, which generally focus on: 1) How cash and other financial assets which can readily be converted to cash flow in and out and 2) the balances left over at year-end that are available to provide future spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine if there are more or fewer financial resources that can be spent in the near future to finance Boone County's programs. Because this information does not encompass the additional long term focus of the government-wide statements, additional information on Exhibit D and Exhibit F explain the relationship or differences between the two statements. Boone County's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

2) **Proprietary Funds:** Boone County's enterprise funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. Boone County has two enterprise funds, Landfill Operations Fund and Ground Water Tax Fund.

3) **Fiduciary Funds:** Boone County is the trustee, or fiduciary, for assets belonging to others, such as Trustee Drainage Districts, Emergency Management Services, County Assessor, Empowerment and all the funds necessary to collect and distribute property tax to schools, cities and other taxing authorities. Boone County is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Boone County excludes these activities from the government-wide financial statements because the County cannot use these assets to finance its operations. Fiduciary funds report a liability for amounts due to other governments and, therefore, the fiduciary funds do not report a fund balance.

## BOONE COUNTY FINANCIAL ANALYSIS AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of financial position. Boone County's net assets for FY2011 totaled \$45,530,156. Net assets on June 30, 2010 were \$42,314,073. Net assets increased 7.6% as a result of FY2011 Boone County operations.

|  | Governmental<br>Activities |            | Business Type<br>Activities |           | Total      |            |
|--|----------------------------|------------|-----------------------------|-----------|------------|------------|
|  | 2011                       | 2010       | 2011                        | 2010      | 2011       | 2010       |
| Current and other assets                           | \$ 14,817,493              | 14,063,946 | 4,331,252                   | 4,114,655 | 19,148,745 | 18,178,601 |
| Capital assets                                     | 39,770,987                 | 36,869,054 | 2,742,131                   | 2,900,532 | 42,513,118 | 39,769,586 |
| Total assets                                       | 54,588,480                 | 50,933,000 | 7,073,383                   | 7,015,187 | 61,661,863 | 57,948,187 |
| Long-term liabilities                              | 4,979,618                  | 4,924,300  | 2,441,223                   | 2,284,807 | 7,420,841  | 7,209,107  |
| Other liabilities                                  | 8,617,891                  | 8,314,782  | 92,975                      | 110,225   | 8,710,866  | 8,425,007  |
| Total liabilities                                  | 13,597,509                 | 13,239,082 | 2,534,198                   | 2,395,032 | 16,131,707 | 15,634,114 |
| Net assets:  |                            |            |                             |           |            |            |
| Invested in capital assets,<br>net of related debt | 36,093,972                 | 32,736,378 | 2,742,131                   | 2,900,532 | 38,836,103 | 35,636,910 |
| Restricted   | 3,969,800                  | 3,236,528  | 950,877                     | 991,979   | 4,920,677  | 4,228,507  |
| Unrestricted                                       | 927,199                    | 1,721,012  | 846,177                     | 727,644   | 1,773,376  | 2,448,656  |
| Total net assets                                   | \$ 40,990,971              | 37,693,918 | 4,539,185                   | 4,620,155 | 45,530,156 | 42,314,073 |

Net assets increased \$3,216,083 compared to FY2010. The largest portion of Boone County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less related debt. The major increase this year is due to completion of the bridge on the bike trail in southern Boone County and additional construction projects in secondary roads. The debt related to the investment in capital assets is liquidated with resources other than capital assets since they are unavailable for spending. Restricted net assets represent resources subject

to external restrictions, constitutional provisions or enabling legislation on how they may be used. Unrestricted net assets – the part of net assets that can be used to finance day to day operations without constraints established by debt covenants, legislation or other legal requirements – total \$1,773,376. Unrestricted net assets decreased \$675,280, or 27.6%, as a result of FY2011 operations.

The following table entitled “Changes in Net Assets of Boone County Activities” compares in greater detail the changes in activity. Looking at the County as a whole, readers will note revenues increased approximately 9.6% and expenses increased approximately 5.5%. Revenues of the County as a whole increased \$2,008,425 compared to FY2010. Operating grants increased \$1,210,122, capital grants increased \$245,938 and represent an increase in funds for secondary roads and FEMA grants for flood related repairs. Charges for service decreased 3.8%, property tax related revenue increased 6.9%, local option sales tax revenue increased 10.6% and other revenue increased 21.3% compared to FY2010. A look at expenses by function reveals public safety expenses increased 6.3%, physical health and social services expenses decreased 6.3%, mental health expenses increased 11.4%, county environment expenses increased 73.3% due to a culvert repair on the high trestle trail, partially offset by FEMA grants, roads and transportation expenses decreased 5.6% due to less construction projects, governmental services to residents expenses decreased 0.14%, administration expenses decreased 6.1%, interest on long term debt increased 6.6% and solid waste expenses increased 1.4% compared to FY2010.

| Changes in Net Assets of Boone County Activities             |               |            |               |           |            |            |
|--|---------------|------------|---------------|-----------|------------|------------|
|  | Governmental  |            | Business Type |           | Total      |            |
|  | Activities    |            | Activities    |           |            |            |
|  | 2011          | 2010       | 2011          | 2010      | 2011       | 2010       |
| Revenues:  |               |            |               |           |            |            |
| Program revenues:  |               |            |               |           |            |            |
| Charges for service  | \$ 1,835,229  | 1,983,892  | 2,058,600     | 2,061,655 | 3,893,829  | 4,045,547  |
| Operating grants, contributions and restricted interest      | 6,223,277     | 4,944,668  | 37,874        | 106,361   | 6,261,151  | 5,051,029  |
| Capital grants, contributions and restricted interest        | 3,759,432     | 3,513,494  | -             | -         | 3,759,432  | 3,513,494  |
| General revenues:  |               |            |               |           |            |            |
| Property tax - general purposes                              | 6,699,858     | 6,166,978  | -             | -         | 6,699,858  | 6,166,978  |
| Property tax - debt service                                  | 583,071       | 648,796    | -             | -         | 583,071    | 648,796    |
| Tax increment financing                                      | 66,419        | 12,591     | -             | -         | 66,419     | 12,591     |
| Penalty and interest on property tax                         | 144,594       | 103,742    | -             | -         | 144,594    | 103,742    |
| State tax credits  | 251,692       | 268,139    | -             | -         | 251,692    | 268,139    |
| Local option sales tax                                       | 833,991       | 753,944    | -             | -         | 833,991    | 753,944    |
| Grants and contributions not restricted to specific purposes | 93,220        | 89,493     | -             | -         | 93,220     | 89,493     |
| Unrestricted investment earnings                             | 101,030       | 127,294    | 7,371         | 8,872     | 108,401    | 136,166    |
| Gain on disposition of capital assets                        | 163,881       | 65,368     | -             | 7,000     | 163,881    | 72,368     |
| Miscellaneous  | 61,444        | 52,771     | 2,500         | -         | 63,944     | 52,771     |
| Total revenues   | 20,817,138    | 18,731,170 | 2,106,345     | 2,183,888 | 22,923,483 | 20,915,058 |
| Program expenses:  |               |            |               |           |            |            |
| Public safety and legal services                             | 3,020,269     | 2,840,307  | -             | -         | 3,020,269  | 2,840,307  |
| Physical health and social services                          | 741,284       | 790,953    | -             | -         | 741,284    | 790,953    |
| Mental health  | 2,457,648     | 2,206,952  | -             | -         | 2,457,648  | 2,206,952  |
| County environment and education                             | 2,595,672     | 1,497,964  | -             | -         | 2,595,672  | 1,497,964  |
| Roads and transportation                                     | 6,133,641     | 6,500,129  | -             | -         | 6,133,641  | 6,500,129  |
| Governmental services to residents                           | 546,502       | 547,270    | -             | -         | 546,502    | 547,270    |
| Administration   | 1,838,819     | 1,957,765  | -             | -         | 1,838,819  | 1,957,765  |
| Interest on long-term debt                                   | 186,250       | 174,661    | -             | -         | 186,250    | 174,661    |
| Solid waste  | -             | -          | 2,187,315     | 2,158,092 | 2,187,315  | 2,158,092  |
| Total expenses   | 17,520,085    | 16,516,001 | 2,187,315     | 2,158,092 | 19,707,400 | 18,674,093 |
| Change in net assets   | 3,297,053     | 2,215,169  | (80,970)      | 25,796    | 3,216,083  | 2,240,965  |
| Net assets beginning of year                                 | 37,693,918    | 35,478,749 | 4,620,155     | 4,594,359 | 42,314,073 | 40,073,108 |
| Net assets end of year                                       | \$ 40,990,971 | 37,693,918 | 4,539,185     | 4,620,155 | 45,530,156 | 42,314,073 |

The amounts reported for governmental activities in the Governmental Funds Balance Sheet are different than the Statement of Net Assets because:

| Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets   |                             |
|---|-----------------------------|
| <b>Total Governmental Fund Balances</b>   | \$ 5,545,561                |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$66,522,652 and the accumulated depreciation is \$26,751,665.                                 | 39,770,987                  |
| Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.   | 675,926                     |
| Long-term liabilities, including bonds and notes payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. | (5,001,503)                 |
| <b>Net Assets of Governmental Activities</b>  | <u><u>\$ 40,990,971</u></u> |

The County-wide taxable valuation increased approximately 6.1% and the County's rural taxable valuation increased approximately 8.5%. The budgetary requirements of the General Fund levy required a general basic levy above \$3.50 per \$1,000 of taxable valuation for the sixth time since the Mental Health Fund was created in the early 1990's. The total County-wide levy rate decrease was approximately \$0.01 per \$1,000 of taxable valuation. The total increase in dollars levied County-wide was approximately \$329,000.

The rural County levy rate did not change at \$2.38 per \$1,000 of taxable valuation, but \$129,981 more was levied than for FY2010.

A relatively stagnant property tax base has the potential of putting a governmental entity in financial harm as revenues may not be sufficient to offset the cost of government inflation. Boone County was fortunate to be able to levy enough property tax to remain stable and maintain the essential services County residents expect and deserve. See the detail on property tax in the following table:

|  | Property Tax Levied |               |
|--|---------------------|---------------|
|  | FY2011              | FY2010        |
| County-wide taxable valuation              | \$ 1,124,628,031    | 1,059,545,463 |
| County-wide levy rate without debt         | 4.69356             | 4.60391       |
| Dollars levied without debt                | 5,278,500           | 4,878,049     |
| County-wide taxable debt service valuation | 1,158,219,106       | 1,086,971,026 |
| County debt service levy rate              | 0.52049             | 0.62038       |
| Dollars levied for debt service            | 602,844             | 674,331       |
| Total county-wide rate                     | 5.21405             | 5.22429       |
| Total dollars levied county-wide           | 5,881,344           | 5,552,380     |
| Rural taxable valuation                    | 697,194,361         | 642,622,213   |
| Rural tax levy rate                        | 2.38183             | 2.38183       |
| Dollars levied rural area only             | 1,660,598           | 1,530,617     |
| Total dollars levied                       | 7,541,942           | 7,082,997     |

## Governmental Activities

This is the ninth year Boone County has prepared financial statements on a full accrual basis. Management will analyze and compare revenues and expenses detailing percentage increases or decreases and attempt to explain the reasons they occurred.

- Revenues for governmental activities were approximately \$20.8 million in FY2011, which is an 11.1% increase compared to FY2010. Expenses for governmental activities totaled approximately \$17.5 million, an increase of 6.1% compared to FY2010. In a difficult budgeting year, Boone County did a remarkable job trimming expenses to match available revenues, noting the increase in net assets was approximately \$3.3 million for governmental activities in FY2011.
- The local option sales tax revenue of \$833,991 contributed greatly to the increase in net assets of the governmental activities. Boone County uses 75% of the local option sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund. The remaining 25% of the tax is spent for community betterment projects throughout the County. The revenue received from local option sales tax increased 10.6% compared to FY2010. The County believes the local option sales tax revenue indicates the relative economic strength of the local business economy, which reflect an upturn in local economy compared to last year.

## Net Cost of Governmental Activities

| Function                            | Expenses      | Program Revenues    |  | FY2011 Net Expense or (Revenue) | FY2010 Net Expense or (Revenue) |
|-------------------------------------|---------------|---------------------|--|---------------------------------|---------------------------------|
|                                     |               | Charges for Service | Operating and Capital Grants and Contributions |                                 |                                 |
| Public safety and legal services    | \$ 3,020,269  | 569,805             | 224,626  | 2,225,838                       | 1,846,500                       |
| Physical health and social services | 741,284       | 19,424              | 213,099  | 508,761                         | 490,450                         |
| Mental health                       | 2,457,648     | 93,222              | 1,680,793                                      | 683,633                         | 540,601                         |
| County environment and education    | 2,595,672     | 484,065             | 2,727,444                                      | (615,837)                       | (1,195,874)                     |
| Roads and transportation            | 6,133,641     | 327,928             | 5,130,371                                      | 675,342                         | 2,189,155                       |
| Governmental services to residents  | 546,502       | 325,200             | 5,147  | 216,155                         | 106,268                         |
| Administration                      | 1,838,819     | 15,585              | 1,229  | 1,822,005                       | 1,922,186                       |
| Interest on long-term debt          | 186,250       | -                   | -  | 186,250                         | 174,661                         |
| Total                               | \$ 17,520,085 | 1,835,229           | 9,982,709                                      | 5,702,147                       | 6,073,947                       |

- The cost of all governmental activities this year was approximately \$17.5 million, up approximately \$1,004,000, or 6.1%, over FY2010.
- The portion of the cost financed by users of Boone County programs from charges for service was approximately \$1.8 million, decreasing \$148,662, or 7.5%, compared to FY2010.
- The federal and state governments and private contributors subsidized certain programs with operating and capital grants and contributions totaling approximately \$10.0 million, up 18.0% compared to FY2010. FEMA projects for the bike trail and secondary roads are reasons for the increase compared to FY2010.
- The net cost of governmental activities was financed with general revenues, including property tax related revenue of \$7,745,634, local option sales tax of \$833,991, unrestricted grants and contributions of \$93,220, unrestricted investment earnings of \$101,030, gain on disposition of capital assets of \$163,881 and other miscellaneous income of \$61,444. Total general revenues for FY2011 were \$8,999,200, up \$710,084, or 8.6%, compared to FY2010.

## Business Type Activities

| Function    | Expenses     | Program Revenues    |  | FY2011 Net Expense or (Revenue) | FY2010 Net Expense or (Revenue) |
|-------------|--------------|---------------------|--|---------------------------------|---------------------------------|
|             |              | Charges for Service | Operating and Capital Grants and Contributions |                                 |                                 |
| Solid waste | \$ 2,187,315 | 2,058,600           | 37,874   | 90,841                          | (9,924)                         |

Program revenues of the Boone County Landfill decreased 3.3% to \$2,096,474 because of a 64.4% reduction in grant revenue while charges for service were approximately \$3,000 behind the FY2010 level. General revenues were 3.8%, or approximately \$6,000, less than FY2010. The revenue reduction was due to lower interest rates and no capital assets were sold in FY2011. Expenses increased 1.4% to approximately \$2.19 million. The County Landfill is Boone County's only business type activity. Revenues of the landfill include charges for service, the Iowa Department of Natural Resources Ground Water Tax (local share) and interest income.

- During FY2011, the Boone County Landfill continued disposal in previously developed areas. The Landfill's operating permit renewal was submitted on a timely basis to the Iowa Department of Natural Resources (IDNR) under new landfill rules. Once again, the Landfill completed flood related work and coordinated reimbursement from FEMA. The Landfill purchased a new roll-off truck to haul its own dumpsters and leachate. Two additional "litterbacks" were purchased for litter control. A new crew cab pickup was also purchased. During FY2011, the Landfill also updated its business software.
- The Boone County Landfill purchased 500 roll out carts using funding provided by the IDNR and National Farm Progress Shows. These containers are used every other year at the Boone Farm Progress Show. At any other time, the Landfill is able to utilize these containers at special events for recycling and litter collection.
- Keep Boone County Beautiful (KBCB) continued to offer assistance to area cleanup activities. It again hosted the Dragoon River Romp and Keep Boone County Scenic events.
- The landfill and KBCB continued to be involved in the Don Williams Lake Watershed Improvement Project which received a grant from the IDNR. This two year project commenced on January 1, 2010. Landfill and KBCB staff are involved in the public education components of the project and serve as webmaster for the projects web page hosted on the County's web system.
- During the latter half of FY2011, the Landfill began to plan for handling additional construction and demolition waste due to the June 30, 2011 closure of the Ames/Story C&D landfill. As of July 1, 2011, the Boone County Landfill is the sole remaining landfill in the Central Iowa Waste Management Planning Area.
- The Landfill's comprehensive planning area received approval of its 2009 plan update in February 2010. The IDNR calculated the planning area's landfill waste diversion rate at 55%. The planning area is one of two in the state that exceeds the State of Iowa's 50% diversion goal.

## MAJOR GOVERNMENTAL FUND ANALYSIS AND HIGHLIGHTS

As previously noted, Boone County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The financial performance of Boone County as a whole is reflected in its governmental funds, as well. As Boone County completed the year, its governmental funds reported combined fund balances of \$5,545,561, 1.4% more than last year's total of \$5,470,264.

### General Fund

| General Fund                                 |              |                         |
|--|--------------|-------------------------|
|  | FY2011       | FY2010<br>(as restated) |
| Beginning fund balance                       | \$ 1,918,754 | 2,021,950               |
| Property tax, including penalty and interest | 4,345,356    | 3,955,854               |
| Local option sales tax                       | 203,498      | 192,736                 |
| Intergovernmental                            | 1,418,185    | 854,656                 |
| Permits and charges for service              | 943,557      | 945,480                 |
| Interest and use of property                 | 147,635      | 163,209                 |
| Miscellaneous                                | 61,436       | 47,631                  |
| Sale of capital assets                       | 24,733       | 4,649                   |
| Total revenues                               | 7,144,400    | 6,164,215               |
| Public safety and legal services             | 3,021,368    | 2,545,477               |
| Physical health and social services          | 740,042      | 790,647                 |
| County environment and education             | 1,387,417    | 580,171                 |
| Governmental services to residents           | 552,157      | 541,193                 |
| Administration                               | 1,663,071    | 1,674,514               |
| Capital projects                             | 77,202       | 135,409                 |
| Total expenditures                           | 7,441,257    | 6,267,411               |
| Ending fund balance                          | \$ 1,621,897 | 1,918,754               |

The amounts presented combine the general basic, general supplemental, FEMA sub-fund for culvert repair, county farm land sale proceeds and conservation land acquisition funds.

Total property tax revenue increased 9.8%. Local option sales tax revenue increased 5.6%, intergovernmental revenue increased 65.9%, reflecting FEMA revenue for culvert repair, revenue from user fees decreased .2% and interest and use of property decreased 9.5% due to lower interest rates received by the County on investments. Total revenues increased 16.0% compared to FY2010.

Total expenditures increased 18.7%, or \$1,173,301, compared to FY2010. Public safety and legal services increased 18.7% reflecting additional staff and fuel costs, county environment and education increased 139.1% reflecting FEMA expenditures for culvert repair and additional conservation expenditures, while the remaining expenditures remained substantially static.

The General fund ending balance is 21.8% of total expenditures for FY2011 compared to 30.6% in FY2010.

### Special Revenue Funds

| Mental Health Fund                      |            |           |
|---|------------|-----------|
|   | FY2011     | FY2010    |
| Beginning fund balance                  | \$ 508,799 | 112,470   |
| Property tax                            | 838,625    | 837,373   |
| Intergovernmental - property tax relief | 684,828    | 677,515   |
| Other intergovernmental                 | 1,155,311  | 1,070,492 |
| Miscellaneous                           | 14,124     | 11,512    |
| Total revenues                          | 2,692,888  | 2,596,892 |
| Mental illness                          | 170,872    | 175,933   |
| Chronic mental illness                  | 961,263    | 903,298   |
| Mental retardation                      | 1,313,803  | 1,119,147 |
| Developmental disability                | 9,254      | 2,185     |
| Total expenditures                      | 2,455,192  | 2,200,563 |
| Ending fund balance                     | \$ 746,495 | 508,799   |



Boone County levied the maximum levy established by the Mental Health Fund base year calculation. The FY2011 ending fund balance was 30.4% of FY2011 expenditures compared to 23.1% in FY2010. Revenues increased 3.7% as intergovernmental revenue was \$92,132 more than FY2010. Mental health expenditures were 11.6% higher compared to FY2010.

| Rural Services Fund                            |            |           |
|--|------------|-----------|
|  | FY2011     | FY2010    |
| Beginning fund balance                         | \$ 525,322 | 865,672   |
| Property tax                                   | 1,607,017  | 1,475,731 |
| Local option sales tax                         | 610,493    | 578,208   |
| Intergovernmental                              | 52,618     | 55,514    |
| Permits, charges for service and miscellaneous | 13,908     | 10,561    |
| Total revenues                                 | 2,284,036  | 2,120,014 |
| Public safety and legal services               | -          | 245,036   |
| County environment and education               | 316,040    | 314,301   |
| Governmental services to residents             | 1,209      | 1,173     |
| Transfers to other funds                       | 2,059,763  | 1,899,854 |
| Total expenditures and transfers               | 2,377,012  | 2,460,364 |
| Ending fund balance                            | \$ 432,346 | 525,322   |

Property tax revenue for FY2011 was up \$131,286, or 8.9%, due to a significant increase in the value of agricultural land compared to FY2010.

- The local effort for secondary roads was maintained at 90% of the maximum allowed to be levied for secondary roads.
- Local option sales tax revenue in the Rural Services Fund rose to \$610,493, an increase of 5.6% compared to FY2010.
- Total property tax related revenue (\$1,607,017) is less than the amount transferred to Secondary Roads (\$2,059,763) by \$452,746, which means local option sales tax pays for all of the services in the Rural Services Fund and part of the road expenses. This is where rural residents realize direct property tax relief because of the local option sales tax.
- Rural Services Fund ending fund balance now represents approximately 18% of the Rural Services Fund expenditures, including transfers to the Secondary Roads Fund, compared to 21.4% in FY2010. The Board of Supervisors, noting the fund balance declining below 20% in the Rural Services Fund, restored the \$0.10 per \$1,000 levy rate reduction they had established in the FY2010 budget when they prepared the FY2012 budget.

| Secondary Roads Fund                           |              |           |
|--|--------------|-----------|
|  | FY2011       | FY2010    |
| Beginning fund balance                         | \$ 1,898,992 | 2,473,750 |
| State fuel tax and other state revenue         | 3,412,377    | 4,027,149 |
| Permits, charges for service and miscellaneous | 90,251       | 170,508   |
| Sale of capital assets                         | -            | 1,087     |
| Transfers from other funds                     | 2,059,763    | 1,899,854 |
| Total revenues and transfers                   | 5,562,391    | 6,098,598 |
| Secondary road maintenance                     | 5,254,482    | 5,514,468 |
| Secondary road construction                    | 199,134      | 1,158,888 |
| Total expenditures                             | 5,453,616    | 6,673,356 |
| Ending fund balance                            | \$ 2,007,767 | 1,898,992 |

- Secondary Roads Fund revenue and transfers decreased 8.8% compared to FY2010, which was primarily due to a decrease in road use tax of approximately \$615,000 and transfers increasing approximately \$160,000.
- Secondary Roads Fund expenditures decreased approximately \$1,220,000, or 18.3%, compared to FY2010. Maintenance expenditures decreased 4.7% and construction decreased 82.8%. FY2011 construction was limited to some local grading jobs compared to FY2010, which included recycling 6.4 miles of asphalt roadway and grading jobs.

Total ending fund balance compared to total expenditures increased to 36.8% in FY2010, compared to 28.5% in FY2010.

### Debt Service Fund

|  | FY2011    | FY2010    |
|--|-----------|-----------|
| Beginning fund balance                           | \$ 57,714 | 38,686    |
| Property tax                                     | 583,404   | 649,522   |
| Intergovernmental                                | 20,109    | 25,595    |
| General obligation notes issued, net of discount | -         | 3,174,627 |
| Transfers from other funds                       | 66,173    | 24,472    |
| Total revenues and transfers                     | 669,686   | 3,874,216 |
| Administration                                   | -         | 39,063    |
| Principal  | 500,000   | 3,645,000 |
| Interest   | 142,994   | 171,125   |
| Total expenditures                               | 642,994   | 3,855,188 |
| Ending fund balance                              | \$ 84,406 | 57,714    |

The Debt Service Fund accumulates resources and pays the principal and interest on the County's general obligation bonds and notes. At the end of FY2011, the County had \$4,599,789 of debt outstanding.

### Capital Projects Fund

|                                  | FY2011     | FY2010  |
|----------------------------------|------------|---------|
| Beginning fund balance           | \$ 199,747 | 214,768 |
| Interim financing proceeds       | 492,180    | 430,594 |
| County environment and education | 497,265    | 440,697 |
| Capital projects                 | 34,956     | -       |
| Transfers to other funds net     | -          | 4,918   |
| Total expenditures               | 532,221    | 445,615 |
| Ending fund balance              | \$ 159,706 | 199,747 |

During the year ended June 30, 2007, the County issued \$1,500,000 of general obligation capital loan notes to purchase land for the site of the Farm Progress Show. The proceeds of the notes were placed in the Capital Projects Fund to account for this major project. The County issued debt in FY2009 to retire the capital loan notes issued for the original purchase of Central Iowa Expo (CIE) Land. The County also agreed to guarantee the first five years of payments on the loan the Central Iowa Expo Board obtained to develop the site and the balance of the loan is guaranteed by USDA. The current CIE Projects fund will become a debt service function fund to accumulate expenditures which will likely have to be converted to county permanent debt if the CIE Board is unable to solicit contributions to pay back the debt subject to this guarantee.

## **BUSINESS TYPE FUND HIGHLIGHTS**

- FY2011 was the Boone County Landfill's 41<sup>st</sup> year of operations. Inspections by a variety of entities continue to demonstrate the Landfill is operated at a level which exceeds regulatory requirements.
- Asbestos waste tipping fees rose \$3.00 per ton per an established formula.
- The IDNR calculated the CIWMA planning area had landfilled 45% of the region's waste. At that time, only two planning areas in the state of Iowa achieved this level of waste diversion.

### **Landfill Operations Fund**

- Landfill Operations Fund revenue was \$1,997,179, an increase of 4.1% compared to FY 2010.
- Operating expenses increased 1.7% compared to FY2010.

### **Keep Boone County Beautiful Sub-Account**

This sub-account (within the Landfill Operations Fund) was started to manage several projects of Landfill interest, including:

The Dragoon River Romp.

Adopt a County Road, City Street or favorite place.

Environmental education.

Keep Boone County Scenic pick up litter day.

### **Boone County Recycling Center Sub-Account**

This sub-account (within the Landfill Operations Fund) was started to manage expenses associated with the Boone County Recycling Center.

### **Landfill Closure/Postclosure Sub-Account**

- The Closure/Postclosure Account has assets totaling \$3,266,354. The fund is now fully funded in accordance with IDNR requirements.
- No closure/postclosure costs were expended from this account during FY2011.

### **Ground Water Tax Fund (Local Portion of Tip Fee Surcharge)**

This fund accounts for the amount the Boone County Landfill is allowed to retain from the State tipping fee surcharge. Actual revenue for this fund is tied to the tonnage received by the Landfill subject to the surcharge. It should be noted tonnage received due to exceptional events are exempt from the state surcharge. The County's share of ground water surcharge decreased 3.60% to \$63,921 compared to FY2010.

Due in most part to a restricting of the Landfill's accounts, expenses decreased 36.4% compared to FY2010 and include funding for:

- A portion of recyclables processing costs carried out by Genesis Development.
- Mobile Watershed Education Center.
- Special event advertising.
- Educational materials.
- The annual updating of our financial assurance funding study.

## **BUDGETARY HIGHLIGHTS**

On June 1, 2011, the County Board of Supervisors amended the original FY2011 budget for the following:

- Increased intergovernmental receipts of \$83,100 to recognize various grants obtained this year not originally budgeted.
- Increased general long-term debt proceeds of \$2,400,000 to finance county obligations of the CIE. This actually happened in FY2012
- Increased public safety and legal services \$15,267 to add spending authority to the Sheriff's office for insurance receipts related to car maintenance expenses.
- Increased physical health and social services function disbursements \$62,100 for additional public health and veterans grant funding.
- Increased Mental Health Fund expenditures to reflect the \$21,000 additional revenue for mental health administration.
- Increased county environment and education \$498,000 to reflect expenses for the CIE loan guarantee for economic development.
- Increased debt service expenditures net of reclassification of previous expenditures discussed above and estimated issuance costs for refinancing the obligation. As previously discussed, the actual refinancing happened in FY2012.

In the Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds, the actual net disbursements of \$17,136,500 were \$4,267,236 less than the amended budget. Receipts were \$1,737,625 less than the amended budget.

## **CAPITAL ASSETS**

Boone County's governmental and business type activities concluded FY2011 with \$42,513,118 invested (net of depreciation) in a broad range of capital assets, including public safety equipment, buildings, parks facilities, landfill, roads and bridges. GASB 34 requires infrastructure and other capital assets to be depreciated according to a capital asset policy. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

## **LONG-TERM DEBT**

In FY2004, Boone County issued general obligation bonds of \$4,835,000 for the purpose of refinancing the original jail project bonds. The County's bond rating for the refinancing issue is Aa3. The bond rating firm requires a higher ending fund balance than the County has determined necessary to receive a higher bond rating. During FY2010, the County issued general obligation capital loan notes of \$3,190,000 for the purpose of refinancing the jail bonds.

In prior years, the County borrowed \$400,000 through a general obligation capital loan note to construct a twelve office addition to the Department of Human Services building and \$1.5 million through a general obligation capital loan anticipation project note to purchase approximately 100 acres for the Central Iowa Expo site which will be the permanent bi-annual home of the Farm Progress Show for the next 20 years. The anticipation project note was replaced with permanent financing during FY2009. The balances due on June 30, 2011 for the general obligation capital loan notes are \$90,000 and \$1,430,000, respectively.

To help establish the Central Iowa Expo (CIE) in Boone County, the County guaranteed part of a debt the CIE has with Community Bank of Boone. As of June 30, 2011 the County has borrowed and remitted \$922,744 to Community Bank of Boone on behalf of CIE.

Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

## **FACTORS BEARING ON THE FUTURE**

Boone County's elected and appointed officials and citizens considered many factors when setting the FY2012 budget, tax rates and fees that partially finance the various county services. One of those factors is the economy. Boone County's employment (number of persons working) has increased from an average of 13,500 in the mid 1990's to an average of 14,570 for calendar year 2011. The average Boone County unemployment rate for 1998 was 2.3%. Unemployment in Boone County on June 30, 2011 was 5.3% versus 6.1% a year before. This compares with the State's unemployment rate of 6.0% for the same period ended June 30, 2011.

The State of Iowa's modest financial condition and relatively flat revenue projection continue. The County has projected substantially stable revenues from the State and has asked taxpayers to fund the County budget with an additional 3.2% of property tax dollars compared to FY2011. The actual dollar increase from FY2011 to FY2012 is \$240,032.

The above factors were all part of the considerations for the FY2012 budget, which certified taxes as follows: (Amounts certified include utility replacement and property tax dollars)

|                     | Dollars<br>Certified | Percentage<br>Increase (Decrease) |
|---------------------|----------------------|-----------------------------------|
| General Fund        | \$ 4,541,167         | 2.9%                              |
| Mental Health Fund  | 869,169              | 0.2%                              |
| Rural Services Fund | 1,793,081            | 8.0%                              |
| Debt Service Fund   | 578,530              | -4.0%                             |
| Total               | <u>\$ 7,781,974</u>  | <u>9.9%</u>                       |

Boone County attempted to maintain the current level of services as the FY2012 budget was developed. Levy rates (expressed in \$/\$1,000 taxable valuation) to produce the above dollars for FY2012 are as follows:

|                           |            |
|---------------------------|------------|
| General basic levy        | \$ 3.50000 |
| General supplemental levy | 0.46283    |
| Mental health levy        | 0.75850    |
| Rural services basic levy | 2.48183    |
| Debt service levy         | 0.48419    |

Boone County has been fortunate there has been continued new construction and economic growth in the community to help offset the growth in demand for county services. The county-wide taxable valuation for the FY2012 budget exceeds \$1 billion for the third time in County history.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide Boone County citizens, taxpayers, customers, investors and creditors with a general overview of Boone County's finances and to demonstrate Boone County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Boone County Auditor's Office, 201 State Street, Boone, Iowa 50036.

## **Basic Financial Statements**

Boone County  
Statement of Net Assets  
June 30, 2011

|   | Governmental<br>Activities | Business Type<br>Activities | Total             |
|---|----------------------------|-----------------------------|-------------------|
| <b>Assets</b>   |                            |                             |                   |
| Cash and pooled investments                                   | \$ 4,780,930               | 941,070                     | 5,722,000         |
| Cash and pooled investments - restricted                      | -                          | 3,261,376                   | 3,261,376         |
| Receivables:  |                            |                             |                   |
| Property tax:   |                            |                             |                   |
| Delinquent  | 22,174                     | -                           | 22,174            |
| Succeeding year   | 7,598,000                  | -                           | 7,598,000         |
| Interest and penalty on property tax                          | 67,678                     | -                           | 67,678            |
| Accounts  | 35,697                     | 150,569                     | 186,266           |
| Accrued interest  | 7,922                      | 4,978                       | 12,900            |
| Drainage assessment   | 16,001                     | -                           | 16,001            |
| Road assessments  | 61,122                     | -                           | 61,122            |
| Loan  | 100,000                    | -                           | 100,000           |
| Internal balances   | 34,307                     | (34,307)                    | -                 |
| Due from other governments                                    | 1,241,258                  | 1,567                       | 1,242,825         |
| Inventories   | 784,849                    | -                           | 784,849           |
| Prepaid insurance   | 67,555                     | 5,999                       | 73,554            |
| Capital assets (net of accumulated depreciation)              | 39,770,987                 | 2,742,131                   | 42,513,118        |
| <b>Total assets</b>   | <b>54,588,480</b>          | <b>7,073,383</b>            | <b>61,661,863</b> |
| <b>Liabilities</b>  |                            |                             |                   |
| Accounts payable  | 702,251                    | 46,046                      | 748,297           |
| Accrued interest payable                                      | 21,885                     | -                           | 21,885            |
| Salaries and benefits payable                                 | 81,413                     | 7,226                       | 88,639            |
| Due to other governments                                      | 57,573                     | 25,311                      | 82,884            |
| Unearned revenue:   |                            |                             |                   |
| Succeeding year property tax                                  | 7,598,000                  | -                           | 7,598,000         |
| Other   | 156,769                    | 14,393                      | 171,162           |
| Long-term liabilities:  |                            |                             |                   |
| Portion due or payable within one year:                       |                            |                             |                   |
| General obligation bonds and notes                            | 505,000                    | -                           | 505,000           |
| SWAP loan   | -                          | 10,233                      | 10,233            |
| Compensated absences  | 365,437                    | 28,901                      | 394,338           |
| Portion due or payable after one year:                        |                            |                             |                   |
| General obligation bonds and notes                            | 3,172,015                  | -                           | 3,172,015         |
| General obligation anticipation project note                  | 922,774                    | -                           | 922,774           |
| SWAP loan   | -                          | 11,089                      | 11,089            |
| Estimated liability for landfill closure and postclosure care | -                          | 2,388,795                   | 2,388,795         |
| Net OPEB liability  | 14,392                     | 2,204                       | 16,596            |
| <b>Total liabilities</b>                                      | <b>13,597,509</b>          | <b>2,534,198</b>            | <b>16,131,707</b> |
| <b>Net Assets</b>   |                            |                             |                   |
| Invested in capital assets, net of related debt               | 36,093,972                 | 2,742,131                   | 38,836,103        |
| Restricted for:   |                            |                             |                   |
| Supplemental levy purposes                                    | 120,663                    | -                           | 120,663           |
| Secondary roads purposes                                      | 2,255,463                  | -                           | 2,255,463         |
| Law enforcement   | 135,024                    | -                           | 135,024           |
| Mental health purposes  | 725,709                    | -                           | 725,709           |
| Other purposes  | 732,941                    | 73,318                      | 806,259           |
| Unrestricted  | 927,199                    | 1,723,736                   | 2,650,935         |
| <b>Total net assets</b>                                       | <b>\$ 40,990,971</b>       | <b>4,539,185</b>            | <b>45,530,156</b> |

See notes to financial statements.

Boone County  
Statement of Activities  
Year ended June 30, 2011

|                                     |               | Program Revenues |  |  |
|-------------------------------------|---------------|------------------|--|--|
|                                     |               | Charges for      | Operating Grants,<br>Contributions<br>and Restricted<br>Interest | Capital Grants,<br>Contributions<br>and Restricted<br>Interest |
|                                     | Expenses      | Service          |  |  |
| <b>Functions/Programs:</b>          |               |                  |  |  |
| Governmental activities:            |               |                  |  |  |
| Public safety and legal services    | \$ 3,020,269  | 569,805          | 224,626  | -  |
| Physical health and social services | 741,284       | 19,424           | 213,099  | -  |
| Mental health                       | 2,457,648     | 93,222           | 1,680,793  | -  |
| County environment and education    | 2,595,672     | 484,065          | 748,182  | 1,979,262  |
| Roads and transportation            | 6,133,641     | 327,928          | 3,350,201  | 1,780,170  |
| Governmental services to residents  | 546,502       | 325,200          | 5,147  | -  |
| Administration                      | 1,838,819     | 15,585           | 1,229  | -  |
| Interest on long-term debt          | 186,250       | -                | -  | -  |
| Total governmental activities       | 17,520,085    | 1,835,229        | 6,223,277  | 3,759,432  |
| Business type activities:           |               |                  |  |  |
| Solid waste                         | 2,187,315     | 2,058,600        | 37,874   | -  |
| Total                               | \$ 19,707,400 | 3,893,829        | 6,261,151  | 3,759,432  |

**General Revenues:**

Property and other county tax levied for:

- General purposes
- Debt service
- Tax increment financing

Penalty and interest on property tax

State tax credits

Local option sales tax

Grants and contributions not restricted to specific purposes

Unrestricted investment earnings

Gain on disposition of capital assets

Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.



| Net (Expense) Revenue<br>and Changes in Net Assets |                                |             |
|--|--------------------------------|-------------|
| Governmental<br>Activities                         | Business<br>Type<br>Activities | Total       |
| (2,225,838)  | -                              | (2,225,838) |
| (508,761)  | -                              | (508,761)   |
| (683,633)  | -                              | (683,633)   |
| 615,837  | -                              | 615,837     |
| (675,342)  | -                              | (675,342)   |
| (216,155)  | -                              | (216,155)   |
| (1,822,005)  | -                              | (1,822,005) |
| (186,250)  | -                              | (186,250)   |
| (5,702,147)  | -                              | (5,702,147) |
| -  | (90,841)                       | (90,841)    |
| (5,702,147)  | (90,841)                       | (5,792,988) |
| 6,699,858  | -                              | 6,699,858   |
| 583,071  | -                              | 583,071     |
| 66,419   | -                              | 66,419      |
| 144,594  | -                              | 144,594     |
| 251,692  | -                              | 251,692     |
| 833,991  | -                              | 833,991     |
| 93,220   | -                              | 93,220      |
| 101,030  | 7,371                          | 108,401     |
| 163,881  | -                              | 163,881     |
| 61,444   | 2,500                          | 63,944      |
| 8,999,200  | 9,871                          | 9,009,071   |
| 3,297,053  | (80,970)                       | 3,216,083   |
| 37,693,918   | 4,620,155                      | 42,314,073  |
| \$ 40,990,971                                      | 4,539,185                      | 45,530,156  |

Boone County  
Balance Sheet  
Governmental Funds

June 30, 2011

|  | Special Revenue     |                  |                  |                  |
|--|---------------------|------------------|------------------|------------------|
|  | General             | Mental Health    | Rural Services   | Secondary Roads  |
| <b>Assets</b>                                      |                     |                  |                  |                  |
| Cash and pooled investments                        | \$ 1,609,982        | 906,375          | 373,012          | 1,158,125        |
| Receivables:                                       |                     |                  |                  |                  |
| Property tax:                                      |                     |                  |                  |                  |
| Delinquent   | 14,490              | 2,774            | 3,100            | -                |
| Succeeding year                                    | 4,390,000           | 840,000          | 1,735,000        | -                |
| Penalty and interest on property tax               | 67,678              | -                | -                | -                |
| Accounts   | 10,522              | 442              | -                | 16,873           |
| Accrued interest                                   | 7,708               | -                | -                | -                |
| Drainage assessments                               | -                   | -                | -                | -                |
| Road assessments                                   | -                   | -                | -                | 61,122           |
| Loan   | 100,000             | -                | -                | -                |
| Due from other funds                               | 32,297              | -                | -                | 7,239            |
| Due from other governments                         | 497,919             | 7,433            | 133,200          | 602,146          |
| Inventories  | -                   | -                | -                | 784,849          |
| Prepaid insurance                                  | 32,508              | -                | -                | 35,047           |
| <b>Total assets</b>                                | <b>\$ 6,763,104</b> | <b>1,757,024</b> | <b>2,244,312</b> | <b>2,665,401</b> |
| <b>Liabilities and Fund Balances</b>               |                     |                  |                  |                  |
| Liabilities:                                       |                     |                  |                  |                  |
| Accounts payable                                   | \$ 426,422          | 119,975          | 35,081           | 116,765          |
| Salaries and benefits payable                      | 43,737              | 2,264            | 2,043            | 33,369           |
| Due to other funds                                 | 2,097               | -                | 3,014            | 157              |
| Due to other governments                           | 10,912              | 45,576           | -                | -                |
| Deferred revenue:                                  |                     |                  |                  |                  |
| Succeeding year property tax                       | 4,390,000           | 840,000          | 1,735,000        | -                |
| Other  | 268,039             | 2,714            | 36,828           | 507,343          |
| Total liabilities                                  | 5,141,207           | 1,010,529        | 1,811,966        | 657,634          |
| Fund balances:                                     |                     |                  |                  |                  |
| Nonspendable:                                      |                     |                  |                  |                  |
| Prepaid expenditures                               | 32,508              | -                | -                | 35,047           |
| Inventories  | -                   | -                | -                | 784,849          |
| Restricted for:                                    |                     |                  |                  |                  |
| Supplemental levy purposes                         | 119,007             | -                | -                | -                |
| Mental health purposes                             | -                   | 746,495          | -                | -                |
| Rural services purposes                            | -                   | -                | 432,346          | -                |
| Secondary roads purposes                           | -                   | -                | -                | 1,187,871        |
| Conservation land acquisition/capital improvements | 33,356              | -                | -                | -                |
| Debt service                                       | -                   | -                | -                | -                |
| Capital projects                                   | -                   | -                | -                | -                |
| Law enforcement                                    | 135,024             | -                | -                | -                |
| Other purposes                                     | -                   | -                | -                | -                |
| Unassigned   | 1,302,002           | -                | -                | -                |
| Total fund balances                                | 1,621,897           | 746,495          | 432,346          | 2,007,767        |
| <b>Total liabilities and fund balances</b>         | <b>\$ 6,763,104</b> | <b>1,757,024</b> | <b>2,244,312</b> | <b>2,665,401</b> |

See notes to financial statements.

| Debt<br>Service | Capital<br>Projects | Nonmajor | Total      |
|-----------------|---------------------|----------|------------|
| 84,366          | 156,682             | 492,388  | 4,780,930  |
| 1,810           | -                   | -        | 22,174     |
| 560,000         | -                   | 73,000   | 7,598,000  |
| -               | -                   | -        | 67,678     |
| -               | 3,024               | 4,836    | 35,697     |
| -               | -                   | 214      | 7,922      |
| -               | -                   | 16,001   | 16,001     |
| -               | -                   | -        | 61,122     |
| -               | -                   | -        | 100,000    |
| -               | -                   | 39       | 39,575     |
| -               | -                   | 560      | 1,241,258  |
| -               | -                   | -        | 784,849    |
| -               | -                   | -        | 67,555     |
| 646,176         | 159,706             | 587,038  | 14,822,761 |
| -               | -                   | 4,008    | 702,251    |
| -               | -                   | -        | 81,413     |
| -               | -                   | -        | 5,268      |
| -               | -                   | 1,085    | 57,573     |
| 560,000         | -                   | 73,000   | 7,598,000  |
| 1,770           | -                   | 16,001   | 832,695    |
| 561,770         | -                   | 94,094   | 9,277,200  |
| -               | -                   | -        | 67,555     |
| -               | -                   | -        | 784,849    |
| -               | -                   | -        | 119,007    |
| -               | -                   | -        | 746,495    |
| -               | -                   | -        | 432,346    |
| -               | -                   | -        | 1,187,871  |
| -               | -                   | -        | 33,356     |
| 84,406          | -                   | 259      | 84,665     |
| -               | 159,706             | -        | 159,706    |
| -               | -                   | -        | 135,024    |
| -               | -                   | 492,685  | 492,685    |
| -               | -                   | -        | 1,302,002  |
| 84,406          | 159,706             | 492,944  | 5,545,561  |
| 646,176         | 159,706             | 587,038  | 14,822,761 |

**Boone County**

## Boone County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Assets

June 30, 2011

**Total governmental fund balances (page 25)** \$ 5,545,561

***Amounts reported for governmental activities in the Statement of  
Net Assets are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$66,522,652 and the accumulated depreciation is \$26,751,665. 39,770,987

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 675,926

Long-term liabilities, including bonds and notes payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (5,001,503)

**Net assets of governmental activities (page 21)** \$ 40,990,971

See notes to financial statements.

Boone County  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2011

|   |              | Special Revenue |                |                 |
|---|--------------|-----------------|----------------|-----------------|
|   | General      | Mental Health   | Rural Services | Secondary Roads |
| Revenues:   |              |                 |                |                 |
| Property and other county tax                             | \$ 4,266,555 | 838,625         | 1,607,017      | -               |
| Local option sales tax                                    | 203,498      | -               | 610,493        | -               |
| Penalty and interest on property tax                      | 78,801       | -               | -              | -               |
| Tax increment financing                                   | -            | -               | -              | -               |
| Intergovernmental   | 1,418,185    | 1,840,139       | 52,618         | 3,412,377       |
| Licenses and permits                                      | 16,050       | -               | -              | 1,680           |
| Charges for service                                       | 927,507      | -               | 13,888         | 860             |
| Use of money and property                                 | 147,635      | -               | -              | -               |
| Miscellaneous   | 61,436       | 14,124          | 20             | 87,711          |
| Total revenues  | 7,119,667    | 2,692,888       | 2,284,036      | 3,502,628       |
| Expenditures:   |              |                 |                |                 |
| Operating:  |              |                 |                |                 |
| Public safety and legal services                          | 3,021,368    | -               | -              | -               |
| Physical health and social services                       | 740,042      | -               | -              | -               |
| Mental health   | -            | 2,455,192       | -              | -               |
| County environment and education                          | 1,387,417    | -               | 316,040        | -               |
| Roads and transportation                                  | -            | -               | -              | 5,254,482       |
| Governmental services to residents                        | 552,157      | -               | 1,209          | -               |
| Administration  | 1,663,071    | -               | -              | -               |
| Debt service  | -            | -               | -              | -               |
| Capital projects  | 77,202       | -               | -              | 199,134         |
| Total expenditures  | 7,441,257    | 2,455,192       | 317,249        | 5,453,616       |
| Excess (deficiency) of revenues over (under) expenditures | (321,590)    | 237,696         | 1,966,787      | (1,950,988)     |
| Other financing sources (uses):                           |              |                 |                |                 |
| Sale of capital assets                                    | 24,733       | -               | -              | -               |
| Operating transfers in                                    | -            | -               | -              | 2,059,763       |
| Operating transfers out                                   | -            | -               | (2,059,763)    | -               |
| Interim financing proceeds                                | -            | -               | -              | -               |
| Total other financing sources (uses)                      | 24,733       | -               | (2,059,763)    | 2,059,763       |
| Net change in fund balances                               | (296,857)    | 237,696         | (92,976)       | 108,775         |
| Fund balances beginning of year, as restated              | 1,918,754    | 508,799         | 525,322        | 1,898,992       |
| Fund balances end of year                                 | \$ 1,621,897 | 746,495         | 432,346        | 2,007,767       |

See notes to financial statements.

| Debt<br>Service | Capital<br>Projects | Nonmajor | Total       |
|-----------------|---------------------|----------|-------------|
| 583,404         | -                   | -        | 7,295,601   |
| -               | -                   | -        | 813,991     |
| -               | -                   | -        | 78,801      |
| -               | -                   | 66,419   | 66,419      |
| 20,109          | -                   | 9,398    | 6,752,826   |
| -               | -                   | -        | 17,730      |
| -               | -                   | 5,147    | 947,402     |
| -               | -                   | 957      | 148,592     |
| -               | -                   | 224,520  | 387,811     |
| 603,513         | -                   | 306,441  | 16,509,173  |
| -               | -                   | 29,464   | 3,050,832   |
| -               | -                   | -        | 740,042     |
| -               | -                   | -        | 2,455,192   |
| -               | 497,265             | 77,969   | 2,278,691   |
| -               | -                   | -        | 5,254,482   |
| -               | -                   | 827      | 554,193     |
| -               | -                   | -        | 1,663,071   |
| 642,994         | -                   | -        | 642,994     |
| -               | 34,956              | -        | 311,292     |
| 642,994         | 532,221             | 108,260  | 16,950,789  |
| (39,481)        | (532,221)           | 198,181  | (441,616)   |
| -               | -                   | -        | 24,733      |
| 66,173          | -                   | -        | 2,125,936   |
| -               | -                   | (66,173) | (2,125,936) |
| -               | 492,180             | -        | 492,180     |
| 66,173          | 492,180             | (66,173) | 516,913     |
| 26,692          | (40,041)            | 132,008  | 75,297      |
| 57,714          | 199,747             | 360,936  | 5,470,264   |
| 84,406          | 159,706             | 492,944  | 5,545,561   |

Boone County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Governmental Funds to the Statement  
of Activities

Year ended June 30, 2011

**Net change in fund balances - Total governmental funds (page 29)** \$ 75,297

***Amounts reported for governmental activities in the Statement of Activities are different because:***

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

|   |                    |           |
|---|--------------------|-----------|
| Expenditures for capital assets                                       | \$ 1,234,367       |           |
| Capital assets contributed by the Iowa Department of Transportation   | 1,779,932          |           |
| Capital assets contributed by the Polk County Conservation Commission | 1,979,262          |           |
| Depreciation expense  | <u>(2,255,509)</u> | 2,738,052 |

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 163,881

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

|              |                |         |
|--------------|----------------|---------|
| Property tax | 5,181          |         |
| Other        | <u>368,879</u> | 374,060 |

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year debt issuances exceeded repayments, as follows:

|        |                |          |
|--------|----------------|----------|
| Issued | (492,180)      |          |
| Repaid | <u>455,661</u> | (36,519) |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

|                               |              |          |
|-------------------------------|--------------|----------|
| Compensated absences          | (20,800)     |          |
| Other postemployment benefits | 2,001        |          |
| Interest on long-term debt    | <u>1,081</u> | (17,718) |

**Change in net assets of governmental activities (page 23)** \$ 3,297,053

See notes to financial statements.



Boone County  
Statement of Net Assets  
Proprietary Funds  
June 30, 2011

|   | Enterprise          |               |                  |
|---|---------------------|---------------|------------------|
|   | Nonmajor            |               |                  |
|   | Landfill            | Ground        |                  |
|   | Operations          | Water         | Total            |
|   |                     | Tax           |                  |
| <b>Assets</b>   |                     |               |                  |
| Cash and pooled investments                                   | \$ 883,549          | 57,521        | 941,070          |
| Cash and pooled investments - restricted                      | 3,261,376           | -             | 3,261,376        |
| Receivables:  |                     |               |                  |
| Accounts  | 150,569             | -             | 150,569          |
| Accrued interest  | 4,978               | -             | 4,978            |
| Due from other funds  | 683                 | 16,874        | 17,557           |
| Due from other governments                                    | 1,567               | -             | 1,567            |
| Prepaid insurance   | 5,999               | -             | 5,999            |
| Capital assets, net of accumulated depreciation               | 2,742,131           | -             | 2,742,131        |
| <b>Total assets</b>   | <b>7,050,852</b>    | <b>74,395</b> | <b>7,125,247</b> |
| <b>Liabilities</b>  |                     |               |                  |
| Accounts payable  | 44,969              | 1,077         | 46,046           |
| Salaries and benefits payable                                 | 7,226               | -             | 7,226            |
| Due to other funds  | 51,864              | -             | 51,864           |
| Due to other governments                                      | 25,311              | -             | 25,311           |
| Unearned revenue  | 14,393              | -             | 14,393           |
| Long-term liabilities:  |                     |               |                  |
| Portion due or payable within one year:                       |                     |               |                  |
| SWAP loan   | 10,233              | -             | 10,233           |
| Compensated absences  | 28,901              | -             | 28,901           |
| Portion due or payable after one year:                        |                     |               |                  |
| SWAP loan   | 11,089              | -             | 11,089           |
| Estimated liability for landfill closure and postclosure care | 2,388,795           | -             | 2,388,795        |
| Net OPEB liability  | 2,204               | -             | 2,204            |
| <b>Total liabilities</b>                                      | <b>2,584,985</b>    | <b>1,077</b>  | <b>2,586,062</b> |
| <b>Net Assets</b>   |                     |               |                  |
| Invested in capital assets                                    | 2,742,131           | -             | 2,742,131        |
| Restricted for:   |                     |               |                  |
| Ground water tax purposes                                     | -                   | 73,318        | 73,318           |
| Landfill closure and postclosure care                         | 877,559             | -             | 877,559          |
| Unrestricted  | 846,177             | -             | 846,177          |
| <b>Total net assets</b>                                       | <b>\$ 4,465,867</b> | <b>73,318</b> | <b>4,539,185</b> |

See notes to financial statements.

Boone County  
Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Proprietary Funds

Year ended June 30, 2011

|  | Enterprise   |        |           |
|--|--------------|--------|-----------|
|  | Nonmajor     |        |           |
|  | Landfill     | Ground |           |
|  | Operations   | Water  | Total     |
|  |              | Tax    |           |
| Operating revenues:  |              |        |           |
| Charges for service  | \$ 1,680,470 | 63,921 | 1,744,391 |
| Per capita fees  | 178,940      | -      | 178,940   |
| Solid waste fees   | 117,030      | -      | 117,030   |
| Miscellaneous  | 20,739       | -      | 20,739    |
| Total operating revenues   | 1,997,179    | 63,921 | 2,061,100 |
| Operating expenses:  |              |        |           |
| Salaries and wages   | 409,138      | -      | 409,138   |
| Payroll tax  | 58,819       | -      | 58,819    |
| Fringe benefits  | 66,878       | -      | 66,878    |
| Fuel   | 126,157      | -      | 126,157   |
| Travel   | 23,283       | -      | 23,283    |
| Utilities  | 21,470       | -      | 21,470    |
| Insurance  | 33,572       | -      | 33,572    |
| Solid waste fees remitted to the Iowa Department<br>of Natural Resources and the Ground Water Tax Fund | 159,802      | -      | 159,802   |
| Education and training   | 39,709       | -      | 39,709    |
| Equipment  | 205,272      | -      | 205,272   |
| Engineering  | 92,490       | -      | 92,490    |
| Maintenance and repair   | 35,681       | -      | 35,681    |
| Operations   | 78,488       | -      | 78,488    |
| Depreciation   | 353,793      | -      | 353,793   |
| Dues and membership  | 4,718        | -      | 4,718     |
| Hauling  | 132,888      | -      | 132,888   |
| Accounting   | 15,922       | -      | 15,922    |
| Recycling  | 4,083        | 37,892 | 41,975    |
| Gravel   | 39,750       | -      | 39,750    |
| Leachate hauling and treatment   | 108,090      | -      | 108,090   |
| Adjustment to estimated liability for landfill<br>closure and postclosure care                         | 162,978      | -      | 162,978   |
| Total operating expenses   | 2,172,981    | 37,892 | 2,210,873 |
| Operating income (loss)  | (175,802)    | 26,029 | (149,773) |
| Non-operating revenues:  |              |        |           |
| FEMA grant   | 37,874       | -      | 37,874    |
| Interest income  | 30,929       | -      | 30,929    |
| Total non-operating revenues   | 68,803       | -      | 68,803    |
| Change in net assets   | (106,999)    | 26,029 | (80,970)  |
| Net assets beginning of year   | 4,572,866    | 47,289 | 4,620,155 |
| Net assets end of year   | \$ 4,465,867 | 73,318 | 4,539,185 |

See notes to financial statements.

Boone County  
Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2011

|  | Enterprise   |          |             |
|--|--------------|----------|-------------|
|  | Nonmajor     |          |             |
|  | Landfill     | Ground   |             |
|  | Operations   | Water    | Total       |
|  |              | Tax      |             |
| Cash flows from operating activities:  |              |          |             |
| Cash received from gate fees   | \$ 1,796,325 | -        | 1,796,325   |
| Cash received from per capita fees   | 178,940      | -        | 178,940     |
| Cash received from other operating receipts  | 125,533      | 63,921   | 189,454     |
| Cash paid to suppliers for goods and services  | (1,151,166)  | (38,724) | (1,189,890) |
| Cash paid to employees for services  | (529,042)    | -        | (529,042)   |
| Net cash provided by operating activities  | 420,590      | 25,197   | 445,787     |
| Cash flows from noncapital financing activities:   |              |          |             |
| Nonoperating noncapital grants   | 33,776       | -        | 33,776      |
| Cash flows from capital and related financing activities:                                      |              |          |             |
| Acquisition and construction of capital assets   | (195,391)    | -        | (195,391)   |
| Proceeds received from SWAP loan/grant   | 18,489       | -        | 18,489      |
| Repayment of SWAP loan   | (10,233)     | -        | (10,233)    |
| Net cash used by capital and related financing activities                                      | (187,135)    | -        | (187,135)   |
| Cash flows from investing activities:  |              |          |             |
| Interest received on investments   | 31,974       | -        | 31,974      |
| Net increase in cash and cash equivalents  | 299,205      | 25,197   | 324,402     |
| Cash and cash equivalents beginning of year  | 3,845,720    | 32,324   | 3,878,044   |
| Cash and cash equivalents end of year  | \$ 4,144,925 | 57,521   | 4,202,446   |
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b> |              |          |             |
| Operating income (loss)  | \$ (175,802) | 26,029   | (149,773)   |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: |              |          |             |
| Depreciation   | 353,793      | -        | 353,793     |
| Closure and postclosure care   | 162,978      | -        | 162,978     |
| Changes in assets and liabilities:   |              |          |             |
| Decrease in accounts receivable  | (1,175)      | -        | (1,175)     |
| Decrease in due from other governments   | 104,794      | -        | 104,794     |
| Decrease (increase) in due from other funds  | 8,188        | (338)    | 7,850       |
| Increase in prepaid insurance  | (472)        | -        | (472)       |
| Decrease in accounts payable   | (32,687)     | -        | (32,687)    |
| Increase (decrease) in salaries payable  | 2,122        | (394)    | 1,728       |
| Decrease in due to other funds   | (4,237)      | -        | (4,237)     |
| (Decrease) increase in due to other governments  | (584)        | (100)    | (684)       |
| Increase in net OPEB liability   | 221          | -        | 221         |
| Increase in compensated absences   | 3,451        | -        | 3,451       |
| Total adjustments  | 596,392      | (832)    | 595,560     |
| Net cash provided by operating activities  | \$ 420,590   | 25,197   | 445,787     |

See notes to financial statements.

Boone County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2011

**Assets**

Cash and pooled investments:

|                        |              |
|------------------------|--------------|
| County Treasurer       | \$ 2,179,066 |
| Other County officials | 40,533       |

Receivables:

Property tax:

|            |         |
|------------|---------|
| Delinquent | 106,751 |
|------------|---------|

|                 |            |
|-----------------|------------|
| Succeeding year | 28,933,000 |
|-----------------|------------|

|          |         |
|----------|---------|
| Accounts | 153,795 |
|----------|---------|

|                     |         |
|---------------------|---------|
| Special assessments | 414,716 |
|---------------------|---------|

|                            |         |
|----------------------------|---------|
| Due from other governments | 209,540 |
|----------------------------|---------|

|                   |       |
|-------------------|-------|
| Prepaid insurance | 2,473 |
|-------------------|-------|

|                     |                   |
|---------------------|-------------------|
| <b>Total assets</b> | <u>32,039,874</u> |
|---------------------|-------------------|

**Liabilities**

|                  |         |
|------------------|---------|
| Accounts payable | 103,135 |
|------------------|---------|

|                               |        |
|-------------------------------|--------|
| Salaries and benefits payable | 17,335 |
|-------------------------------|--------|

|                    |       |
|--------------------|-------|
| Due to other funds | 1,196 |
|--------------------|-------|

|                          |            |
|--------------------------|------------|
| Due to other governments | 31,350,933 |
|--------------------------|------------|

|                |         |
|----------------|---------|
| Trusts payable | 486,547 |
|----------------|---------|

|                      |        |
|----------------------|--------|
| Compensated absences | 80,728 |
|----------------------|--------|

|                          |                   |
|--------------------------|-------------------|
| <b>Total liabilities</b> | <u>32,039,874</u> |
|--------------------------|-------------------|

|                   |                    |
|-------------------|--------------------|
| <b>Net assets</b> | <u><u>\$ -</u></u> |
|-------------------|--------------------|

See notes to financial statements.

Boone County  
Notes to Financial Statements  
June 30, 2011

**(1) Summary of Significant Accounting Policies**

Boone County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Boone County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Boone County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Boone County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Boone County Auditor's Office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Boone County Assessor's Conference Board, Boone County Emergency Management Commission, County Community Services and the Boone County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following funds:

Proprietary Fund - The Landfill Operations Fund is used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The fund is also used to accumulate resources to fund the closure and postclosure care costs of the Landfill.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary funds of the County apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Funds are charges to customers for sanitary landfill services. Operating expenses for Enterprise Funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.



For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

Road Assessments Receivable – Road assessments receivable represents amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. In the governmental funds, road assessments receivable represents assessments which are due and payable but have not been collected.

Special Assessments Receivable – Special assessments receivable represents amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represents assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2011, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County) are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

| Asset Class                      | Amount    |
|----------------------------------|-----------|
| Infrastructure                   | \$ 50,000 |
| Land, buildings and improvements | 25,000    |
| Intangibles                      | 50,000    |
| Equipment and vehicles           | 5,000     |

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

| Asset Class                  | Estimated Useful lives (In Years) |
|------------------------------|-----------------------------------|
| Buildings and improvements   | 25-50                             |
| Land improvements            | 10-50                             |
| Infrastructure, road network | 10-65                             |
| Intangibles                  | 5 - 20                            |
| Equipment                    | 3 - 20                            |
| Vehicles                     | 3 - 15                            |

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Advances to/from Other Funds – Non-current portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve which indicates they do not constitute expendable available financial resources and, therefore, are not available to liquidate current obligations.

Trusts Payable – Trusts payable represent amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

Net Assets – The net assets of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements exceeded the amount budgeted in the road and transportation function.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$178,243 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2011 is as follows:

| Receivable Fund                      | Payable Fund        | Amount                  |
|--------------------------------------|---------------------|-------------------------|
| General                              | Special Revenue:    |                         |
|                                      | Rural Services      | \$ 225                  |
|                                      | Secondary Roads     | 157                     |
|                                      | Enterprise:         |                         |
|                                      | Landfill Operations | 31,915                  |
|                                      |                     | <u>32,297</u>           |
| Special Revenue:                     | General             | 1,375                   |
| Secondary Roads                      | Special Revenue:    |                         |
|                                      | Rural Services      | 2,789                   |
|                                      | Enterprise:         |                         |
|                                      | Landfill Operations | 3,075                   |
|                                      |                     | <u>7,239</u>            |
| County Recorder's Records Management | General             | <u>39</u>               |
| Enterprise:                          |                     |                         |
| Landfill Operations                  | General             | <u>683</u>              |
|                                      | Enterprise:         |                         |
| Ground Water Tax                     | Landfill Operations | 16,874                  |
| Total                                |                     | <u><u>\$ 57,132</u></u> |

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

#### (4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

| Transfer to      | Transfer from      | Amount              |
|------------------|--------------------|---------------------|
| Special Revenue: | Special Revenue:   |                     |
| Secondary Roads  | Rural Services     | \$ 2,059,763        |
| Debt Service     | County TIF Project | 66,173              |
| Total            |                    | <u>\$ 2,125,936</u> |

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

#### (5) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

|  | Balance<br>Beginning<br>of Year | Increases        | Decreases          | Balance<br>End<br>of Year |
|--|---------------------------------|------------------|--------------------|---------------------------|
| <b>Governmental activities:</b>              |                                 |                  |                    |                           |
| Capital assets not being depreciated:        |                                 |                  |                    |                           |
| Land   | \$ 1,813,085                    | -                | -                  | 1,813,085                 |
| Construction in progress                     | 4,094,728                       | 4,090,723        | (7,046,359)        | 1,139,092                 |
| Total capital assets not being depreciated   | <u>5,907,813</u>                | <u>4,090,723</u> | <u>(7,046,359)</u> | <u>2,952,177</u>          |
| Capital assets being depreciated:            |                                 |                  |                    |                           |
| Buildings                                    | 6,039,710                       | -                | -                  | 6,039,710                 |
| Improvements other than buildings            | 251,714                         | -                | -                  | 251,714                   |
| Equipment and vehicles                       | 9,189,362                       | 1,099,732        | (766,959)          | 9,522,135                 |
| Infrastructure, other                        | -                               | 6,062,513        | -                  | 6,062,513                 |
| Infrastructure, road network                 | 40,710,557                      | 983,846          | -                  | 41,694,403                |
| Total capital assets being depreciated       | <u>56,191,343</u>               | <u>8,146,091</u> | <u>(766,959)</u>   | <u>63,570,475</u>         |
| Less accumulated depreciation for:           |                                 |                  |                    |                           |
| Buildings                                    | 1,488,071                       | 145,217          | -                  | 1,633,288                 |
| Improvements other than buildings            | 49,288                          | 6,293            | -                  | 55,581                    |
| Equipment and vehicles                       | 8,032,899                       | 790,963          | (733,946)          | 8,089,916                 |
| Infrastructure, other                        | -                               | 305,731          | -                  | 305,731                   |
| Infrastructure, road network                 | 15,659,844                      | 1,007,305        | -                  | 16,667,149                |
| Total accumulated depreciation               | <u>25,230,102</u>               | <u>2,255,509</u> | <u>(733,946)</u>   | <u>26,751,665</u>         |
| Total capital assets being depreciated, net  | <u>30,961,241</u>               | <u>5,890,582</u> | <u>(33,013)</u>    | <u>36,818,810</u>         |
| Governmental activities capital assets, net  | <u>\$ 36,869,054</u>            | <u>9,981,305</u> | <u>(7,079,372)</u> | <u>39,770,987</u>         |
| <b>Business type activities:</b>             |                                 |                  |                    |                           |
| Capital assets not being depreciated:        |                                 |                  |                    |                           |
| Land   | \$ 488,499                      | -                | -                  | 488,499                   |
| Capital assets being depreciated:            |                                 |                  |                    |                           |
| Buildings                                    | 443,091                         | -                | -                  | 443,091                   |
| Equipment and vehicles                       | 3,152,678                       | 195,391          | (13,700)           | 3,334,369                 |
| Infrastructure                               | 1,573,884                       | -                | -                  | 1,573,884                 |
| Total capital assets being depreciated       | <u>5,169,653</u>                | <u>195,391</u>   | <u>(13,700)</u>    | <u>5,351,344</u>          |
| Less accumulated depreciation for:           |                                 |                  |                    |                           |
| Buildings                                    | 139,521                         | 11,077           | -                  | 150,598                   |
| Equipment and vehicles                       | 2,117,117                       | 266,614          | (13,700)           | 2,370,031                 |
| Infrastructure                               | 500,982                         | 76,101           | -                  | 577,083                   |
| Total accumulated depreciation               | <u>2,757,620</u>                | <u>353,792</u>   | <u>(13,700)</u>    | <u>3,097,712</u>          |
| Total capital assets being depreciated, net  | <u>2,412,033</u>                | <u>(158,401)</u> | <u>-</u>           | <u>2,253,632</u>          |
| Business type activities capital assets, net | <u>\$ 2,900,532</u>             | <u>(158,401)</u> | <u>-</u>           | <u>2,253,632</u>          |

Depreciation expense was charged to the following functions:

|  |                     |
|--|---------------------|
| Governmental activities:                             |                     |
| Public safety and legal services                     | \$ 86,891           |
| County environment and education                     | 331,431             |
| Roads and transportation                             | 1,550,278           |
| Administration                                       | 286,909             |
| Total depreciation expense - governmental activities | <u>\$ 2,255,509</u> |
| Business type activities:                            |                     |
| Landfill operations                                  | <u>\$ 353,793</u>   |

#### **(6) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

| Fund                             | Description | Amount               |
|----------------------------------|-------------|----------------------|
| General                          | Services    | <u>\$ 10,912</u>     |
| Special Revenue:                 |             |                      |
| Mental Health                    | Services    | 45,576               |
| Task Force                       | Services    | 542                  |
| Attorney Drug Prosecution        | Services    | 543                  |
|                                  |             | <u>46,661</u>        |
| Total for governmental funds     |             | <u>\$ 57,573</u>     |
| Agency:                          |             |                      |
| Agricultural Extension Education | Collections | \$ 191,796           |
| County Assessor                  |             | 911,693              |
| Schools                          |             | 18,550,918           |
| Community Colleges               |             | 669,447              |
| Corporations                     |             | 8,000,733            |
| Townships                        |             | 369,485              |
| Auto License and Use Tax         |             | 745,034              |
| Special Assessments              |             | 430,617              |
| County Hospital                  |             | 1,039,277            |
| E911                             |             | 418,180              |
| All other                        |             | 23,753               |
| Total for agency funds           |             | <u>\$ 31,350,933</u> |

**(7) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

|                           | Governmental Activities                        |   |                              |                          |           |
|---------------------------|--|---|------------------------------|--------------------------|-----------|
|                           | General<br>Obligation<br>Capital<br>Loan Notes | General<br>Obligation<br>Anticipation<br>Project Note | Compen-<br>sated<br>Absences | Net<br>OPEB<br>Liability | Total     |
| Balance beginning of year | \$ 4,132,676                                   | 430,594   | 344,637                      | 16,393                   | 4,924,300 |
| Increases                 | -  | 492,180   | 278,659                      | 10,167                   | 781,006   |
| Decreases                 | 455,661  | -   | 257,859                      | 12,168                   | 725,688   |
| Balance end of year       | \$ 3,677,015                                   | 922,774   | 365,437                      | 14,392                   | 4,979,618 |
| Due within one year       | \$ 505,000                                     | -   | 365,437                      | -                        | 870,437   |

|                           | Business Type Activities |                              |                                    |                          |           |
|---------------------------|--------------------------|------------------------------|------------------------------------|--------------------------|-----------|
|                           | SWAP<br>Loan             | Compen-<br>sated<br>Absences | Closure and<br>Postclosure<br>Care | Net<br>OPEB<br>Liability | Total     |
| Balance beginning of year | \$ 31,556                | 25,451                       | 2,225,817                          | 1,983                    | 2,284,807 |
| Increases                 | -                        | 31,068                       | 162,978                            | 221                      | 194,267   |
| Decreases                 | 10,233                   | 27,618                       | -                                  | -                        | 37,851    |
| Balance end of year       | \$ 21,323                | 28,901                       | 2,388,795                          | 2,204                    | 2,441,223 |
| Due within one year       | \$ 10,233                | 28,901                       | -                                  | -                        | 39,134    |

**General Obligation Capital Loan Notes**

A summary of the County's June 30, 2011 general obligation capital loan note indebtedness is as follows:

| Year<br>Ending<br>June 30, | Capital Loan Note, Series 2010 |              |           | Capital Loan Note, Series 2009A |              |          |
|----------------------------|--------------------------------|--------------|-----------|---------------------------------|--------------|----------|
|                            | Interest<br>Rates              | Principal    | Interest  | Interest<br>Rates               | Principal    | Interest |
| 2012                       | 1.00%                          | \$ 375,000   | 47,330    | 4.50%                           | \$ 40,000    | 82,000   |
| 2013                       | 1.30                           | 380,000      | 43,580    | 4.50                            | 45,000       | 80,200   |
| 2014                       | 1.65                           | 390,000      | 38,640    | 4.50                            | 50,000       | 78,175   |
| 2015                       | 2.10                           | 400,000      | 32,205    | 4.50                            | 50,000       | 75,925   |
| 2016                       | 2.40                           | 400,000      | 23,805    | 4.75                            | 55,000       | 73,675   |
| 2017-2021                  | 2.70-3.00                      | 515,000      | 17,205    | 5.00-5.70                       | 335,000      | 322,005  |
| 2022-2026                  |                                | -            | -         | 5.80-6.20                       | 480,000      | 211,250  |
| 2027-2029                  |                                | -            | -         | 6.30-6.50                       | 375,000      | 49,570   |
| Total                      |                                | \$ 2,460,000 | 202,765 * |                                 | \$ 1,430,000 | 972,800  |

| Year<br>Ending<br>June 30, | Capital Loan Note, Series 2006 |           |          | Total     |           |           |
|----------------------------|--------------------------------|-----------|----------|-----------|-----------|-----------|
|                            | Interest<br>Rates              | Principal | Interest | Principal | Interest  | Total     |
| 2012                       | 4.40%                          | \$ 90,000 | 3,960    | 505,000   | 133,290   | 638,290   |
| 2013                       |                                | -         | -        | 425,000   | 123,780   | 548,780   |
| 2014                       |                                | -         | -        | 440,000   | 116,815   | 556,815   |
| 2015                       |                                | -         | -        | 450,000   | 108,130   | 558,130   |
| 2016                       |                                | -         | -        | 455,000   | 97,480    | 552,480   |
| 2017-2021                  |                                | -         | -        | 850,000   | 339,210   | 1,189,210 |
| 2022-2026                  |                                | -         | -        | 480,000   | 211,250   | 691,250   |
| 2027-2029                  |                                | -         | -        | 375,000   | 49,570    | 424,570   |
| Total                      |                                | \$ 90,000 | 3,960    | 3,980,000 | 1,179,525 | 5,159,525 |

\* The Series 2010 Notes had unamortized discount totaling \$302,985 at June 30, 2011.

During the year ended June 30, 2011, the County retired \$500,000 of capital loan notes.

#### General Obligation Capital Loan Anticipation Project Notes

On April 1, 2009, the County authorized the issuance of \$2,700,000 of general obligation capital loan anticipation project notes, Series 2009B with a variable interest rate equal to the prime rate, but not less than 4.0% per annum, to Boone Bank & Trust Company. The proceeds are to be used to guarantee the principal and interest on a loan Central Iowa Expo, Inc. has with Community Bank of Boone. The notes mature on April 1, 2014. At that time, the County will repay the notes with an issuance of general obligation capital loan notes. On March 14, 2007 and May 14, 2008, the County authorized the issuance of not to exceed \$3,500,000 and not to exceed \$800,000 of general obligation capital loan notes, respectively. The County has previously issued \$1,550,000 of general obligation capital loan notes pursuant to this authorization. As of June 30, 2011, the County has drawn \$922,774 and remitted \$922,774 to Community Bank of Boone on behalf of Central Iowa Expo, Inc. The County paid interest of \$28,921 on the notes. The County does not anticipate Central Iowa Expo will be able to repay this loan and, therefore, a loan receivable has not been established.

#### Solid Waste Alternative Program (SWAP) Loans

In April 2010, the County entered into a loan agreement with the Iowa Department of Natural Resources to provide funds to assist with the cost of purchasing recycling collection containers. The agreement awarded up to \$18,675 in the form of a forgivable zero interest loan. At June 30, 2011, all conditions were achieved for loan forgiveness.

In September 2009, the County entered into a loan agreement with the Iowa Department of Natural Resources to provide funds to assist with the cost of purchasing a recycling collection truck. The agreement, as amended, awarded a total of \$30,219 in the form of a forgivable loan of \$20,000 and a zero interest loan of \$10,219. The term of the zero interest loan is 48 months and requires quarterly payments of \$852, which began April 15, 2010. At June 30, 2011, there were no unmet conditions to be achieved for loan forgiveness. The balance outstanding on the zero interest loan at June 30, 2011 was \$5,961.



In December 2008, the County entered into a loan agreement with the Iowa Department of Natural Resources to provide funds to assist with the cost of expanding the County's recycling program. The agreement, as amended, awarded a total of \$47,309 in the form of a forgivable loan of \$20,000 and a zero interest loan of \$27,309. The term of the zero interest loan is 48 months and requires quarterly payments of \$1,707, which began October 15, 2009. At June 30, 2011, there were no unmet conditions to be achieved for loan forgiveness. The balance outstanding on the zero interest loan at June 30, 2011 was \$15,362.

**(8) Pension and Retirement Benefits**

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$471,029, \$426,639 and \$391,129, respectively, equal to the required contributions for each year.

**(9) Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 128 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug coverage, which is a partially self-funded medical plan, is administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

|   |                  |
|---|------------------|
| Annual required contribution                | \$ 10,158        |
| Interest on net OPEB obligation             | 827              |
| Adjustment to annual required contributions | (597)            |
| Annual OPEB cost                            | 10,388           |
| Contribution made                           | (12,168)         |
| Decrease in net OPEB obligation             | (1,780)          |
| Net OPEB obligation beginning of year       | 18,376           |
| Net OPEB obligation end of year             | <u>\$ 16,596</u> |

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the County contributed \$12,168 to the medical plan. Plan members eligible for benefits contributed \$24,336, or 66.7% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

| Year Ended June 30, | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---------------------|------------------|--|---------------------|
| 2009                | \$10,158         | 0.0%                                       | \$ 10,158           |
| 2010                | 10,084           | 18.5                                       | 18,376              |
| 2011                | 10,388           | 117.0                                      | 16,596              |

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$73,757, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$73,757. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,595,000 and the ratio of UAAL to covered payroll was 1.1%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term

volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment return rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$436 per month for retirees less than age 65 and \$976 per month for family plans of retirees less than age 65 under Iowa State Association of Counties (ISAC) plan 9, \$417 per month for retirees less than age 65 and \$934 per month for family plans of retirees less than age 65 under ISAC plan 10 and \$397 per month for retirees less than age 65 and \$888 per month for family plans of retirees less than age 65 under ISAC plan 13. The salary increase rate was assumed to be 2% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

#### **(10) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2011 were \$153,184.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$1,000,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **(11) Senior Living Facility Revenue Notes**

The County has entered into a loan agreement to borrow not to exceed \$7,000,000 to construct and equip a 100 bed replacement nursing facility. The loan agreement was entered into pursuant to the authority contained in Chapter 419 of the Code of Iowa and does not constitute a general obligation of the County.

#### **(12) Loans to County Community Service Case Management Fund**

Effective July 1, 2007, Madison and Boone Counties entered into a 28E agreement to establish an administrative organization titled County Community Services. The purpose of the organization is to manage mental health and developmental disability services for the counties and provide targeted case management services. The agreement did not establish a legally separate entity. Instead, Boone County is to provide administrative services for the organization and has established an Agency, County Community Service Case Management Fund for this purpose. In July 2006, Boone County agreed to loan \$100,000 and Madison County agreed to loan \$25,000 with another \$15,000 in October 2006 for necessary cash flow. The County is establishing formal repayment schedules for the loans. At June 30, 2011, neither loan had been repaid.

### **(13) Closure and Postclosure Care**

To comply with federal and state regulations, the Landfill is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Boone County Landfill have been estimated at \$1,653,600 for closure and \$1,587,000 for postclosure care, for a total of \$3,240,600 as of June 30, 2011 for the original and expansion areas combined. The portion of the liability that has been recognized is \$2,388,795. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2011. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 7 years for the expansion area and the capacity used at June 30, 2011 is 62%.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The County has begun accumulating resources to fund these costs and, at June 30, 2011, assets of \$3,266,354 are restricted for these purposes, of which \$1,703,993 is for closure and \$1,562,361 is for postclosure care.

Also, pursuant to Chapter 567-111.3(3) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded for the expansion area, the County is required to demonstrate financial assurance for the unfunded costs. The County had adopted the dedicated fund mechanism.

Chapter 567-111.8(7) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the landfill is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

**(14) Solid Waste Tonnage Fees Retained**

The County has established an account for restricting and using solid waste tonnage fees retained by the County in accordance with Chapter 455B.310 of the Code of Iowa.

As of June 30, 2011, net assets of \$73,318 have been retained by the County and restricted for the required purposes.

**(15) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

|   | <u>General</u>             | <u>Special<br/>Revenue<br/>Conservation<br/>Land<br/>Acquisition</u> |
|---|----------------------------|--|
| Balances June 30, 2010, as previously reported                                    | \$ 1,882,993               | 35,761   |
| Change in fund type classification per<br>implementation of GASB Statement No. 54 | <u>35,761</u>              | <u>(35,761)</u>  |
| Balances July 1, 2010, as restated  | <u><u>\$ 1,918,754</u></u> | <u><u>-</u></u>  |

### **Required Supplementary Information**

Boone County

Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances -  
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2011

|   | Actual              | Less<br>Funds not<br>Required to<br>be Budgeted | Net               |
|---|---------------------|---|-------------------|
| Receipts:   |                     |   |                   |
| Property and other county tax   | \$ 8,170,377        | -   | 8,170,377         |
| Penalty and interest on property tax  | 81,438              | -   | 81,438            |
| Intergovernmental   | 6,777,477           | -   | 6,777,477         |
| Licenses and permits  | 17,870              | -   | 17,870            |
| Charges for service   | 957,186             | -   | 957,186           |
| Use of money and property   | 107,060             | -   | 107,060           |
| Miscellaneous   | 402,064             | 81,663  | 320,401           |
| Total receipts  | <u>16,513,472</u>   | <u>81,663</u>                                   | <u>16,431,809</u> |
| Disbursements:  |                     |   |                   |
| Public safety and legal services  | 3,044,563           | -   | 3,044,563         |
| Physical health and social services   | 786,671             | -   | 786,671           |
| Mental health   | 2,500,442           | -   | 2,500,442         |
| County environment and education  | 2,022,845           | 77,969  | 1,944,876         |
| Roads and transportation  | 5,598,636           | -   | 5,598,636         |
| Governmental services to residents  | 558,513             | -   | 558,513           |
| Administration  | 1,661,466           | -   | 1,661,466         |
| Non-program   | -                   | -   | -                 |
| Debt service  | 642,993             | -   | 642,993           |
| Capital projects  | 398,340             | -   | 398,340           |
| Total disbursements   | <u>17,214,469</u>   | <u>77,969</u>                                   | <u>17,136,500</u> |
| Excess (deficiency) of receipts over (under) disbursements  | (700,997)           | 3,694   | (704,691)         |
| Other financing sources, net  | <u>514,423</u>      | <u>-</u>  | <u>514,423</u>    |
| Excess (deficiency) of receipts and other financing<br>sources over (under) disbursements and other<br>financing uses | (186,574)           | 3,694   | (190,268)         |
| Balance beginning of year   | <u>4,967,504</u>    | <u>133,833</u>                                  | <u>4,833,671</u>  |
| Balance end of year   | <u>\$ 4,780,930</u> | <u>137,527</u>                                  | <u>4,643,403</u>  |

See accompanying independent auditor's report.



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| Budgeted Amounts |             | Final to        |
|------------------|-------------|-----------------|
| Original         | Final       | Net<br>Variance |
| 8,172,340        | 8,160,818   | 9,559           |
| 80,000           | 80,000      | 1,438           |
| 8,148,251        | 8,231,351   | (1,453,874)     |
| 14,300           | 14,300      | 3,570           |
| 908,410          | 908,410     | 48,776          |
| 254,255          | 254,255     | (147,195)       |
| 520,300          | 520,300     | (199,899)       |
| 18,097,856       | 18,169,434  | (1,737,625)     |
| 3,263,186        | 3,278,453   | 233,890         |
| 758,889          | 820,989     | 34,318          |
| 2,715,225        | 2,736,225   | 235,783         |
| 3,189,768        | 3,687,768   | 1,742,892       |
| 5,558,250        | 5,558,250   | (40,386)        |
| 642,030          | 642,030     | 83,517          |
| 1,809,877        | 1,809,877   | 148,411         |
| -                | -           | -               |
| 1,140,844        | 1,562,844   | 919,851         |
| 1,307,300        | 1,307,300   | 908,960         |
| 20,385,369       | 21,403,736  | 4,267,236       |
| (2,287,513)      | (3,234,302) | 2,529,611       |
| 508,000          | 2,923,267   | (2,408,844)     |
| (1,779,513)      | (311,035)   | 120,767         |
| 4,864,377        | 4,864,196   | (30,525)        |
| 3,084,864        | 4,553,161   | 90,242          |

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Boone County  
Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2011

|                              | Governmental Funds |                             |                              |
|------------------------------|--------------------|-----------------------------|------------------------------|
|                              | Cash<br>Basis      | Accrual<br>Adjust-<br>ments | Modified<br>Accrual<br>Basis |
| Revenues                     | \$ 16,513,472      | (4,299)                     | 16,509,173                   |
| Expenditures                 | 17,214,469         | (263,680)                   | 16,950,789                   |
| Net                          | (700,997)          | (267,979)                   | (441,616)                    |
| Other financing sources, net | 514,423            | 2,490                       | 516,913                      |
| Beginning fund balances      | 4,967,504          | -                           | 5,470,264                    |
| Ending fund balances         | \$ 4,780,930       | 764,631                     | 5,545,561                    |

See accompanying independent auditor's report.

Boone County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, Enterprise and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$1,018,367. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2011, disbursements exceeded the amount budgeted in the roads and transportation function.

Boone County  
Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

| Year<br>Ended<br>June 30, | Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b - a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|---------------------------|--------------------------------|--|---|--------------------------------------|--------------------------|---------------------------|---|
| 2009                      | Jul 1, 2008                    | -                                      | \$ 74   | 74                                   | 0.00%                    | \$ 5,226                  | 1.4%  |
| 2010                      | Jul 1, 2008                    | -                                      | 74  | 74                                   | 0.00                     | 6,273                     | 1.2   |
| 2011                      | Jul 1, 2008                    | -                                      | 74  | 74                                   | 0.00                     | 6,595                     | 1.1   |

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

## **Other Supplementary Information**

Boone County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2011

|  | County<br>Recorder's<br>Records<br>Management | County<br>Recorder's<br>Electronic<br>Transaction Fee | Drainage<br>Districts |
|--|---|---|-----------------------|
| <b>Assets</b>                              |   |   |                       |
| Cash and pooled investments                | \$ 54,037                                     | 4   | 137,527               |
| Receivables:                               |   |   |                       |
| Succeeding year property tax               | -   | -   | -                     |
| Accounts                                   | -   | -   | -                     |
| Accrued interest                           | -   | -   | -                     |
| Drainage assessments                       | -   | -   | 16,001                |
| Due from other funds                       | 39  | -   | -                     |
| Due from other governments                 | -   | -   | -                     |
| <b>Total assets</b>                        | <b>\$ 54,076</b>                              | <b>4</b>  | <b>153,528</b>        |
| <b>Liabilities and Fund Balances</b>       |   |   |                       |
| Liabilities:                               |   |   |                       |
| Accounts payable                           | \$ -  | -   | -                     |
| Due to other governments                   | -   | -   | -                     |
| Deferred revenue:                          |   |   |                       |
| Succeeding year property tax               | -   | -   | -                     |
| Other                                      | -   | -   | 16,001                |
| <b>Total liabilities</b>                   | <b>-</b>                                      | <b>-</b>  | <b>16,001</b>         |
| Fund balances:                             |   |   |                       |
| Restricted for:                            |   |   |                       |
| Debt service                               | -   | -   | -                     |
| Other purposes                             | 54,076  | 4   | 137,527               |
| Total fund balances                        | 54,076  | 4   | 137,527               |
| <b>Total liabilities and fund balances</b> | <b>\$ 54,076</b>                              | <b>4</b>  | <b>153,528</b>        |

See accompanying independent auditor's report.

| Special Revenue                              |               |                                 |                                       |                    |                   |                       |         |
|--|---------------|---------------------------------|---------------------------------------|--------------------|-------------------|-----------------------|---------|
| Resource<br>Enhancement<br>and<br>Protection | Task<br>Force | Attorney<br>Drug<br>Prosecution | Tobacco and<br>Alcohol<br>Enforcement | Jail<br>Commissary | Reserve<br>Deputy | County<br>TIF Project | Total   |
| 149,262                                      | 78,966        | 9,665                           | 80                                    | 60,586             | 2,002             | 259                   | 492,388 |
| -  | -             | -                               | -                                     | -                  | -                 | 73,000                | 73,000  |
| -  | -             | -                               | -                                     | 4,836              | -                 | -                     | 4,836   |
| 214  | -             | -                               | -                                     | -                  | -                 | -                     | 214     |
| -  | -             | -                               | -                                     | -                  | -                 | -                     | 16,001  |
| -  | -             | -                               | -                                     | -                  | -                 | -                     | 39      |
| -  | -             | -                               | -                                     | -                  | 560               | -                     | 560     |
| 149,476                                      | 78,966        | 9,665                           | 80                                    | 65,422             | 2,562             | 73,259                | 587,038 |
| -  | -             | -                               | -                                     | 4,008              | -                 | -                     | 4,008   |
| -  | 542           | 543                             | -                                     | -                  | -                 | -                     | 1,085   |
| -  | -             | -                               | -                                     | -                  | -                 | 73,000                | 73,000  |
| -  | -             | -                               | -                                     | -                  | -                 | -                     | 16,001  |
| -  | 542           | 543                             | -                                     | 4,008              | -                 | 73,000                | 94,094  |
| -  | -             | -                               | -                                     | -                  | -                 | 259                   | 259     |
| 149,476                                      | 78,424        | 9,122                           | 80                                    | 61,414             | 2,562             | -                     | 492,685 |
| 149,476                                      | 78,424        | 9,122                           | 80                                    | 61,414             | 2,562             | 259                   | 492,944 |
| 149,476                                      | 78,966        | 9,665                           | 80                                    | 65,422             | 2,562             | 73,259                | 587,038 |

Boone County

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2011

|  | County<br>Recorder's<br>Records<br>Management | County<br>Recorder's<br>Electronic<br>Transaction Fee | Drainage<br>Districts | Special<br>Resource<br>Enhancement<br>and<br>Protection |
|--|---|---|-----------------------|---|
| Revenues:  |   |   |                       |   |
| Tax increment financing  | \$ -  | -   | -                     | -   |
| Intergovernmental  | -   | -   | -                     | 9,148   |
| Charges for service  | 5,147   | -   | -                     | -   |
| Use of money and property  | 467   | 4   | -                     | 486   |
| Miscellaneous  | -   | -   | 194,514               | -   |
| Total revenues   | 5,614   | 4   | 194,514               | 9,634   |
| Expenditures:  |   |   |                       |   |
| Operating:   |   |   |                       |   |
| Public safety and legal services   | -   | -   | -                     | -   |
| County environment and education   | -   | -   | 77,969                | -   |
| Governmental services to residents   | 376   | 451   | -                     | -   |
| Total expenditures   | 376   | 451   | 77,969                | -   |
| Excess (deficiency) of revenues<br>over (under) expenditures                             | 5,238   | (447)   | 116,545               | 9,634   |
| Other financing uses:  |   |   |                       |   |
| Operating transfers out  | -   | -   | -                     | -   |
| Excess (deficiency) of revenues<br>over (under) expenditures and<br>other financing uses | 5,238   | (447)   | 116,545               | 9,634   |
| Fund balances beginning of year  | 48,838  | 451   | 20,982                | 139,842   |
| Fund balances end of year  | \$ 54,076                                     | 4   | 137,527               | 149,476   |

See accompanying independent auditor's report.



| Revenue    |                           |                                 |                 |                |                    |          |  |
|------------|---------------------------|---------------------------------|-----------------|----------------|--------------------|----------|--|
| Task Force | Attorney Drug Prosecution | Tobacco and Alcohol Enforcement | Jail Commissary | Reserve Deputy | County TIF Project | Total    |  |
| -          | -                         | -                               | -               | -              | 66,419             | 66,419   |  |
| -          | -                         | 250                             | -               | -              | -                  | 9,398    |  |
| -          | -                         | -                               | -               | -              | -                  | 5,147    |  |
| -          | -                         | -                               | -               | -              | -                  | 957      |  |
| 4,666      | 3,702                     | -                               | 18,587          | 3,051          | -                  | 224,520  |  |
| 4,666      | 3,702                     | 250                             | 18,587          | 3,051          | 66,419             | 306,441  |  |
| 4,449      | 2,687                     | 170                             | 21,508          | 650            | -                  | 29,464   |  |
| -          | -                         | -                               | -               | -              | -                  | 77,969   |  |
| -          | -                         | -                               | -               | -              | -                  | 827      |  |
| 4,449      | 2,687                     | 170                             | 21,508          | 650            | -                  | 108,260  |  |
| 217        | 1,015                     | 80                              | (2,921)         | 2,401          | 66,419             | 198,181  |  |
| -          | -                         | -                               | -               | -              | (66,173)           | (66,173) |  |
| 217        | 1,015                     | 80                              | (2,921)         | 2,401          | 246                | 132,008  |  |
| 78,207     | 8,107                     | -                               | 64,335          | 161            | 13                 | 360,936  |  |
| 78,424     | 9,122                     | 80                              | 61,414          | 2,562          | 259                | 492,944  |  |

Boone County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2011

|                               | County<br>Offices | Agricultural<br>Extension<br>Education | County<br>Assessor | Schools           | Community<br>Colleges |
|-------------------------------|-------------------|--|--------------------|-------------------|-----------------------|
| <b>Assets</b>                 |                   |  |                    |                   |                       |
| Cash and pooled investments:  |                   |  |                    |                   |                       |
| County Treasurer              | \$ -              | 2,174                                  | 389,138            | 228,961           | 7,289                 |
| Other County officials        | 40,533            | -                                      | -                  | -                 | -                     |
| Receivables:                  |                   |  |                    |                   |                       |
| Property tax:                 |                   |  |                    |                   |                       |
| Delinquent                    | -                 | 622                                    | 1,845              | 57,957            | 2,158                 |
| Succeeding year               | -                 | 189,000                                | 559,000            | 18,264,000        | 660,000               |
| Accounts                      | 997               | -                                      | 15                 | -                 | -                     |
| Special assessments           | -                 | -                                      | -                  | -                 | -                     |
| Due from other governments    | -                 | -                                      | -                  | -                 | -                     |
| Prepaid insurance             | -                 | -                                      | 821                | -                 | -                     |
| <b>Total assets</b>           | <b>\$ 41,530</b>  | <b>191,796</b>                         | <b>950,819</b>     | <b>18,550,918</b> | <b>669,447</b>        |
| <b>Liabilities</b>            |                   |  |                    |                   |                       |
| Accounts payable              | \$ -              | -                                      | 10,334             | -                 | -                     |
| Salaries and benefits payable | -                 | -                                      | 5,951              | -                 | -                     |
| Due to other funds            | 1,196             | -                                      | -                  | -                 | -                     |
| Due to other governments      | 19,511            | 191,796                                | 911,693            | 18,550,918        | 669,447               |
| Trusts payable                | 20,823            | -                                      | -                  | -                 | -                     |
| Compensated absences          | -                 | -                                      | 22,841             | -                 | -                     |
| <b>Total liabilities</b>      | <b>\$ 41,530</b>  | <b>191,796</b>                         | <b>950,819</b>     | <b>18,550,918</b> | <b>669,447</b>        |

See accompanying independent auditor's report.

| Corporations | Townships | Auto License and Use Tax | Special Assessments | County Hospital | E911    | Other   | Total      |
|--------------|-----------|--------------------------|---------------------|-----------------|---------|---------|------------|
| 92,703       | 3,738     | 638,898                  | 15,901              | 11,896          | 378,966 | 409,402 | 2,179,066  |
| -            | -         | -                        | -                   | -               | -       | -       | 40,533     |
| 40,030       | 747       | -                        | -                   | 3,381           | -       | 11      | 106,751    |
| 7,868,000    | 365,000   | -                        | -                   | 1,024,000       | -       | 4,000   | 28,933,000 |
| -            | -         | 106,136                  | -                   | -               | 43,279  | 3,368   | 153,795    |
| -            | -         | -                        | 414,716             | -               | -       | -       | 414,716    |
| -            | -         | -                        | -                   | -               | 556     | 208,984 | 209,540    |
| -            | -         | -                        | -                   | -               | -       | 1,652   | 2,473      |
| 8,000,733    | 369,485   | 745,034                  | 430,617             | 1,039,277       | 422,801 | 627,417 | 32,039,874 |
| -            | -         | -                        | -                   | -               | 4,621   | 88,180  | 103,135    |
| -            | -         | -                        | -                   | -               | -       | 11,384  | 17,335     |
| -            | -         | -                        | -                   | -               | -       | -       | 1,196      |
| 8,000,733    | 369,485   | 745,034                  | 430,617             | 1,039,277       | 418,180 | 4,242   | 31,350,933 |
| -            | -         | -                        | -                   | -               | -       | 465,724 | 486,547    |
| -            | -         | -                        | -                   | -               | -       | 57,887  | 80,728     |
| 8,000,733    | 369,485   | 745,034                  | 430,617             | 1,039,277       | 422,801 | 627,417 | 32,039,874 |

Boone County  
Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2011

|                                    | County<br>Offices | Agricultural<br>Extension<br>Education | County<br>Assessor | Schools    | Community<br>Colleges |
|------------------------------------|-------------------|--|--------------------|------------|-----------------------|
| <b>Assets and Liabilities</b>      |                   |  |                    |            |                       |
| Balances beginning of year         | \$ 43,365         | 185,834                                | 1,005,790          | 18,937,428 | 624,329               |
| Additions:                         |                   |  |                    |            |                       |
| Property and other county tax      | -                 | 189,829                                | 560,310            | 18,290,042 | 662,547               |
| E911 surcharge                     | -                 | -                                      | -                  | -          | -                     |
| State tax credits                  | -                 | 6,442                                  | 19,621             | 676,883    | 21,729                |
| Office fees and collections        | 806,168           | -                                      | -                  | -          | -                     |
| Auto licenses, use tax and postage | -                 | -                                      | -                  | -          | -                     |
| Assessments                        | -                 | -                                      | -                  | -          | -                     |
| Trusts                             | -                 | -                                      | -                  | -          | -                     |
| Miscellaneous                      | -                 | -                                      | 1,779              | -          | -                     |
| Total additions                    | 806,168           | 196,271                                | 581,710            | 18,966,925 | 684,276               |
| Deductions:                        |                   |  |                    |            |                       |
| Agency remittances:                |                   |  |                    |            |                       |
| To other funds                     | 345,976           | -                                      | -                  | -          | -                     |
| To other governments               | 201,610           | 190,309                                | -                  | 19,353,435 | 639,158               |
| Trusts paid out                    | 260,417           | -                                      | 636,681            | -          | -                     |
| Total deductions                   | 808,003           | 190,309                                | 636,681            | 19,353,435 | 639,158               |
| Balances end of year               | \$ 41,530         | 191,796                                | 950,819            | 18,550,918 | 669,447               |

See accompanying independent auditor's report.

| Corpora-<br>tions | Townships | Auto<br>License<br>and<br>Use Tax | Special<br>Assessments | County<br>Hospital | E911    | Other     | Total      |
|-------------------|-----------|-----------------------------------|------------------------|--------------------|---------|-----------|------------|
| 7,557,607         | 368,915   | 577,804                           | 522,397                | 1,017,093          | 454,140 | 817,472   | 32,112,174 |
| 7,854,892         | 368,902   | -                                 | -                      | 1,027,955          | -       | 4,773     | 28,959,250 |
| -                 | -         | -                                 | -                      | -                  | 162,032 | -         | 162,032    |
| 262,811           | 11,377    | -                                 | -                      | 35,256             | -       | 129       | 1,034,248  |
| -                 | -         | -                                 | -                      | -                  | -       | 12,866    | 819,034    |
| -                 | -         | 6,985,513                         | -                      | -                  | -       | -         | 6,985,513  |
| -                 | -         | -                                 | 79,061                 | -                  | -       | -         | 79,061     |
| -                 | -         | -                                 | -                      | -                  | -       | 1,283,748 | 1,283,748  |
| -                 | -         | -                                 | -                      | -                  | 4,935   | 2,102,293 | 2,109,007  |
| 8,117,703         | 380,279   | 6,985,513                         | 79,061                 | 1,063,211          | 166,967 | 3,403,809 | 41,431,893 |
| -                 | -         | 262,527                           | -                      | -                  | -       | -         | 608,503    |
| 7,674,577         | 379,709   | 6,555,756                         | 170,841                | 1,041,027          | 198,306 | 7,326     | 36,412,054 |
| -                 | -         | -                                 | -                      | -                  | -       | 3,586,538 | 4,483,636  |
| 7,674,577         | 379,709   | 6,818,283                         | 170,841                | 1,041,027          | 198,306 | 3,593,864 | 41,504,193 |
| 8,000,733         | 369,485   | 745,034                           | 430,617                | 1,039,277          | 422,801 | 627,417   | 32,039,874 |

Boone County

Schedule of Revenues By Source and Expenditures By Function -  
All Governmental Funds

For the Last Ten Years

|                                      | 2011          | 2010       | 2009       | 2008       |
|--------------------------------------|---------------|------------|------------|------------|
| Revenues:                            |               |            |            |            |
| Property and other county tax        | \$ 7,362,020  | 6,833,940  | 6,482,896  | 6,145,257  |
| Local option sales tax               | 813,991       | 770,944    | 824,876    | 828,151    |
| Interest and penalty on property tax | 78,801        | 97,131     | 85,812     | 93,048     |
| Intergovernmental                    | 6,752,826     | 6,721,779  | 6,350,624  | 6,196,573  |
| Licenses and permits                 | 17,730        | 15,170     | 17,324     | 18,631     |
| Charges for service                  | 947,402       | 946,631    | 951,013    | 932,813    |
| Use of money and property            | 148,592       | 180,428    | 237,426    | 276,241    |
| Miscellaneous                        | 387,811       | 348,081    | 302,259    | 231,978    |
| Total                                | \$ 16,509,173 | 15,914,104 | 15,252,230 | 14,722,692 |
| Expenditures:                        |               |            |            |            |
| Operating:                           |               |            |            |            |
| Public safety and legal services     | \$ 3,050,832  | 2,818,638  | 2,753,574  | 2,685,812  |
| Physical health and social services  | 740,042       | 790,647    | 708,696    | 639,097    |
| Mental health                        | 2,455,192     | 2,200,563  | 2,510,866  | 2,986,700  |
| County environment and education     | 2,278,691     | 1,551,519  | 945,822    | 926,932    |
| Roads and transportation             | 5,254,482     | 5,514,468  | 4,767,579  | 4,831,699  |
| Governmental services to residents   | 554,193       | 549,998    | 594,094    | 497,320    |
| Administration                       | 1,663,071     | 1,713,577  | 1,797,854  | 1,591,002  |
| Debt service                         | 642,994       | 3,816,125  | 2,101,810  | 610,659    |
| Capital projects                     | 311,292       | 1,294,297  | 234,620    | 653,859    |
| Total                                | \$ 16,950,789 | 20,249,832 | 16,414,915 | 15,423,080 |

See accompanying independent auditor's report.

| Modified Accrual Basis |            |            |            |            |            |
|------------------------|------------|------------|------------|------------|------------|
| 2007                   | 2006       | 2005       | 2004       | 2003       | 2002       |
| 5,678,758              | 5,391,529  | 5,355,382  | 5,316,332  | 5,129,145  | 4,905,583  |
| 790,831                | 726,317    | 732,977    | 697,173    | 681,719    | 599,343    |
| 76,918                 | 71,901     | 62,876     | 66,697     | 64,522     | 67,451     |
| 6,177,965              | 5,518,447  | 5,758,477  | 4,640,729  | 4,569,465  | 4,840,152  |
| 25,821                 | 20,933     | 15,067     | 60,808     | 14,598     | 10,431     |
| 916,158                | 926,680    | 942,470    | 884,787    | 869,192    | 832,023    |
| 343,410                | 242,346    | 158,099    | 129,254    | 151,049    | 436,706    |
| 257,996                | 198,900    | 540,830    | 212,419    | 293,260    | 204,584    |
| 14,267,857             | 13,097,053 | 13,566,178 | 12,008,199 | 11,772,950 | 11,896,273 |
| 2,507,524              | 2,393,530  | 2,117,985  | 2,013,154  | 1,927,982  | 1,900,164  |
| 660,704                | 610,980    | 583,588    | 597,127    | 620,149    | 839,084    |
| 2,671,208              | 2,479,313  | 2,341,752  | 2,005,825  | 2,136,380  | 1,859,850  |
| 933,921                | 857,742    | 787,105    | 758,079    | 742,442    | 680,163    |
| 4,322,499              | 3,881,757  | 3,990,145  | 3,581,862  | 3,602,048  | 3,832,568  |
| 495,947                | 666,018    | 510,074    | 470,870    | 455,664    | 429,361    |
| 1,338,419              | 1,217,653  | 1,202,257  | 1,064,871  | 998,490    | 867,867    |
| 417,958                | 416,895    | 433,595    | 843,108    | 431,149    | 341,149    |
| 3,113,667              | 474,175    | 1,905,106  | 706,865    | 1,627,172  | 3,609,233  |
| 16,461,847             | 12,998,063 | 13,871,607 | 12,041,761 | 12,541,476 | 14,359,439 |

**Schedule 6**

## Boone County

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

| Grantor/Program   | CFDA<br>Number | Agency or<br>Pass-through<br>Number | Program<br>Expenditures |
|---|----------------|-------------------------------------|-------------------------|
| Direct:   |                |                                     |                         |
| U.S. Department of Health and Human Services:   |                |                                     |                         |
| Drug-Free Communities Support Program Grants  | 93.276         | 5 H79 SP011259-06                   | \$ 63,028               |
| Drug-Free Communities Support Program Grants  | 93.276         | 6 H79 SP011259-07                   | 74,673                  |
| Total direct  |                |                                     | <u>137,701</u>          |
| Indirect:   |                |                                     |                         |
| U.S. Department of Agriculture:   |                |                                     |                         |
| Iowa Department of Human Services:  |                |                                     |                         |
| Human Services Administrative Reimbursements:   |                |                                     |                         |
| State Administrative Matching Grants for the<br>Supplemental Nutrition Assistance Program | 10.561         |                                     | <u>11,952</u>           |
| Iowa Department of Public Safety:   |                |                                     |                         |
| Governor's Traffic Safety Bureau:   |                |                                     |                         |
| Alcohol Impaired Driving Countermeasures Incentive Grants I                               | 20.601         | 11-410, Task 01                     | <u>1,289</u>            |
| U.S. Department of Health and Human Services:   |                |                                     |                         |
| Iowa Department of Human Services:  |                |                                     |                         |
| Promoting Safe and Stable Families  | 93.556         | PSSFP6-10-007A                      | 5,500                   |
| Promoting Safe and Stable Families  | 93.556         | PSSFP5-11-007A                      | 14,758                  |
| Promoting Safe and Stable Families  | 93.556         | DCFS6-10-131                        | 4,579                   |
| Promoting Safe and Stable Families  | 93.556         | ACFS5-11-096                        | 11,170                  |
|   |                |                                     | <u>36,007</u>           |
| Child Care and Development Block Grant  | 93.575         |                                     | <u>40,663</u>           |
| ARRA - Child Care and Development Block Grant   | 93.713         |                                     | <u>13,856</u>           |
| Human Services Administrative Reimbursements:   |                |                                     |                         |
| Refugee and Entrant Assistance - State Administered<br>Programs                           | 93.566         |                                     | <u>4</u>                |
| Child Care Mandatory and Matching Funds of the<br>Child Care and Development Fund         | 93.596         |                                     | <u>2,879</u>            |
| Foster Care - Title IV-E  | 93.658         |                                     | <u>4,687</u>            |
| Adoption Assistance   | 93.659         |                                     | <u>1,125</u>            |
| Children's Health Insurance Program   | 93.767         |                                     | <u>51</u>               |
| Medical Assistance Program  | 93.778         |                                     | <u>11,324</u>           |
| Social Services Block Grant   | 93.667         |                                     | <u>4,037</u>            |
| Social Services Block Grant   | 93.667         |                                     | <u>118,823</u>          |
|   |                |                                     | <u>122,860</u>          |
| U.S. Department of Homeland Security:   |                |                                     |                         |
| Iowa Department of Public Defense:  |                |                                     |                         |
| Iowa Homeland Security and Emergency Management Division:                                 |                |                                     |                         |
| Disaster Grants - Public Assistance (Presidentially<br>Declared Disasters)                | 97.036         | FEMA 1688 DR IA                     | 23,563                  |
| Disaster Grants - Public Assistance (Presidentially<br>Declared Disasters)                | 97.036         | FEMA 1763 DR IA                     | 722,444                 |
| Disaster Grants - Public Assistance (Presidentially<br>Declared Disasters)                | 97.036         | FEMA 1930 DR IA                     | 527,928                 |
|   |                |                                     | <u>1,273,935</u>        |



Boone County  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2011

| Grantor/Program   | CFDA<br>Number | Agency or<br>Pass-through<br>Number | Program<br>Expenditures |
|---|----------------|-------------------------------------|-------------------------|
| Indirect (continued):                                     |                |                                     |                         |
| U.S. Department of Homeland Security:                     |                |                                     |                         |
| Iowa Department of Public Defense:                        |                |                                     |                         |
| Iowa Homeland Security and Emergency Management Division: |                |                                     |                         |
| Emergency Management Performance Grants                   | 97.042         | EMPG                                | 31,951                  |
| Story County:   |                |                                     |                         |
| Homeland Security Grant Program                           | 97.067         | 2008-GE-T8-2008-001                 | 2,908                   |
| Total indirect  |                |                                     | 1,555,491               |
| Total   |                |                                     | \$ 1,693,192            |

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Boone County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**Boone County**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Officials of Boone County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 2, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Boone County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Boone County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Boone County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Boone County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be significant deficiencies, including a deficiency we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-11 through II-E-11 to be significant deficiencies.

### Compliance and Other Matters

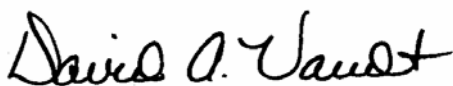
As part of obtaining reasonable assurance about whether Boone County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

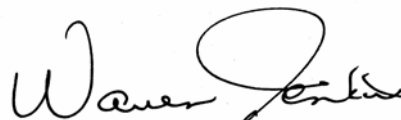
Boone County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Boone County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Boone County and other parties to whom Boone County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Boone County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 2, 2012

**Independent Auditor's Report on Compliance  
with Requirements That Could Have a Direct and Material Effect  
on Each Major Program and Internal Control over Compliance In Accordance  
with OMB Circular A-133**

**Boone County**



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

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David A. Vaudt, CPA  
Auditor of State

**Independent Auditor's Report on Compliance  
with Requirements That Could Have a Direct and Material Effect  
on Each Major Program and on Internal Control over Compliance in Accordance  
with OMB Circular A-133**

To the Officials of Boone County:

**Compliance**

We have audited Boone County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on Boone County's major federal program for the year ended June 30, 2011. Boone County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Boone County's management. Our responsibility is to express an opinion on Boone County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Boone County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Boone County's compliance with those requirements.

In our opinion, Boone County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

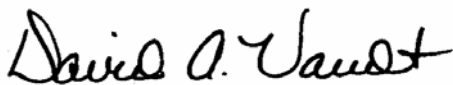
**Internal Control Over Compliance**

The management of Boone County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered Boone County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boone County's internal control over compliance.

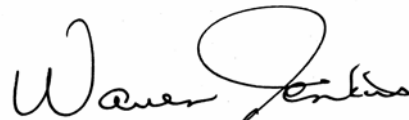
A deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Boone County and other parties to whom Boone County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 2, 2012



Boone County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2011

**Part I: Summary of Independent Auditor's Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 97.036 – Disaster Grants - Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Boone County did not qualify as a low-risk auditee.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-11 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

|  | Applicable<br>Offices |
|--|-----------------------|
| (1) Receipts – collecting, depositing, posting and daily reconciling.                                    | County Recorder       |
| (2) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling. | County Treasurer      |
| (3) Payroll – Department supervisors do not review payroll reports.                                      | County Auditor        |

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Recorder, the County Treasurer and the County Auditor should review the operating procedures of their offices to obtain the maximum internal control possible under the circumstances.

Responses –

County Recorder – In regard to segregation of duties, when we balance for the day, it is not always the same person who does the same task. We try to let everyone know how to handle that duty. Two of us in the office can do the deposits. One of us prepares the deposit for the bank and another person enters the information into the computer.

County Treasurer – It is necessary for everyone in the office to assist customers and collect money at the counter, including the Treasurer. There are a limited number of employees in the office during lunch hours, especially when we have employees gone for vacation time or sick time. Everyone balances their own cash drawer separately and then the total day's business is balanced all together either by the Treasurer or the First Deputy. The Treasurer does the month-end process and apportionment business.

County Auditor – I am not certain that department supervisors do not review payroll. Some of them do not return any documentation that they have done so. It seems if there is an error we hear very quickly about it. The auditor's office does provide the documentation to each department with the warrants or stubs if employee has check direct deposited. The auditor's office payroll deputy has requested either an email or photocopy of summary report initialed

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

from the department supervisors. Since we do not have the power to withhold department payroll warrants until they give us the documentation requested, it is difficult to imagine how the auditor's office can improve this situation.

Conclusions –

County Recorder and County Treasurer – Response acknowledged. To improve segregation of duties, someone independent of receipt collection should perform the reconciliation. Evidence of this independent review should be retained.

County Auditor – Response acknowledged. Department supervisors should review payroll before paychecks are distributed or as soon as practical for direct deposits.

- II-B-11 County Recorder – Although monthly bank reconciliations were performed, the variance between the book balance and the bank balance at June 30, 2011 was not investigated and resolved.

Recommendation – Variances between book and bank balances should be investigated and resolved in a timely manner to improve financial accountability and control. Also, all reconciling items between the book and bank balances should be documented each month, including an accounts receivable listing at the end of each month. In addition, the book balance should be reconciled to a listing of month end liabilities.

Response – We use several different reports to see that our bank balance reflects deposits and the month end liabilities.

Conclusion – Response acknowledged. An unexplained variance between the book and bank balances existed at June 30, 2011. Variances should be investigated and resolved monthly.

- II-C-11 Central Iowa Expo, Inc. Loan Guarantees – The County has entered into various financing agreements with Central Iowa Expo, Inc. to guarantee up to \$2,700,000 of Central Iowa Expo Inc. (Expo) debt. The Expo has failed to make required debt payments. The following were noted:

- The County did not receive a timely request from the Expo requesting the County to make a debt payment under the guarantee.
- The County has used County funds on a short term basis to subsidize the Expo's loan payments until arranged financing is received because of the untimely payment request.
- The County did not receive a request, as required, to retain certain pledges receipted after January 1, 2010 and has not received required monthly pledge receipt information.
- The County has not received adequate support to establish the Expo's financial need.
- The audit of the Expo identified a material weakness in internal control.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Also, the Board has not developed a written plan for long-term financing should the Expo be unable to satisfy its debt obligations.

Recommendation – The Board should ensure Central Iowa Expo, Inc. complies with written agreements. A written plan should be developed for handling future debt obligations.

Response – The Board of Supervisors and the Central Iowa Expo Board, with the assistance of the Boone County Attorney, are attempting to revise the agreement between the Board of Supervisors and the Central Iowa Expo Board to reflect reality that, to date, fundraising has not been able to establish the infrastructure necessary to generate a positive cash flow and the Central Iowa Expo Board is currently fundraising for day to day operations and is unable to pay the County 25% of pledges, as required in current agreement.

Conclusion – Response accepted.

II-D-11 Timely Deposit – Certain receipts were not deposited timely by the following offices: County Sheriff, Agricultural Extension, Health and Sanitation, Social Services and Conservation.

Recommendation – All receipts should be deposited timely and quarterly fees should be remitted to the County Treasurer timely.

Responses –

County Sheriff's Office – We will make every attempt to get checks deposited in a more timely fashion.

Agricultural Extension – The bookkeeper was on vacation and this was the reason for the delay in depositing the warrant to the bank.

Health and Sanitation – We will make every attempt to get checks deposited in a timely manner

Social Services – We will make every attempt to get checks deposited in a timely manner.

Conservation – The Boone County Conservation Board will make a better effort to deposit money in a timelier manner. When checks come in we will do our best to get them deposited more timely.

Conclusions – Responses accepted.

II-E-11 Capital Assets – During the audit, we identified certain capital asset additions that had not been recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all capital asset additions are identified and included in the County's financial statements.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Response – Accounts payable staff are to make copies of claims which include payment for capital assets. Sometimes assets are paid for and the claim is not copied for staff maintaining the capital asset list. We will run lists of all claims in excess of \$5,000 to verify all additions are properly included. We will also ask departments to review our listing and indicate which capital assets are no longer owned by county.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Boone County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2011

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over the major program were noted.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 exceeded the amount budgeted in the debt service function prior to an approved amendment. Disbursements at year end exceeded the amount budgeted in the roads and transportation function. Disbursements in certain departments exceeded the amounts appropriated prior to amendment.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – The County was unaware the funds borrowed to permanently finance the purchase of the Central Iowa Expo land would be deposited with the County rather than disbursed by the closing agent. The budget was amended as soon as we understood we would need to pay off capital notes which were refinanced. The County acknowledges the error and will attempt to comply with the statute in future.

Conclusion – Response accepted.

- IV-B-11 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-11 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-11 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

| Name, Title and<br>Business Connection                                   | Description                   | Amount |
|--|-------------------------------|--------|
| Steve Duffy, member of<br>Board of Supervisors,<br>Owner of Duffy's Inc. | Office and<br>radio equipment | \$ 28  |

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Duffy's, Inc. does not appear to represent a conflict of interest since the total was less than \$1,500 during the fiscal year.

- IV-E-11 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

- IV-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. Although minutes of the Board proceedings were published, a copy of the proceedings was not always furnished to the official newspaper within one week following adjournment of the Board, as required by Chapter 349.18 of the Code of Iowa.

Recommendation – The County Auditor should furnish a copy of the proceedings to be published within one week following adjournment of the Board, as required by Chapter 349.18 of the Code of Iowa.

Response – The Board of Supervisors meet one time per week. Each Wednesday, the Board approves the minutes of the previous week. The minutes are not approved until the eighth day since the last meeting. To meet the requirement of the law the County Auditor would need to publish the minutes before they are official. If that were done then any changes to proposed minutes would need to be officially made in next meeting minutes. The Board wishes to approve the minutes before publication.

Conclusion – Response acknowledged. The County Auditor should furnish a copy of the minutes from each meeting to be published within one week following adjournment of the board as required by Chapter 349.18(3) of the Code of Iowa.

- IV-G-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

- IV-H-11 Resource Enhancement and Protection Certification – The County chose not to dedicate property tax revenue to conservation purposes to the extent required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

The County produces a significant amount of revenue in its Conservation Department through camping and golf fees. This revenue is used to offset conservation expenses in lieu of property tax revenue.

- IV-I-11 Solid Waste Fees Retainage – During the year ended June 30, 2011, the County used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.

- IV-J-11 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from county operations and, consequently is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2011 for the County Extension Office did not exceed the amount budgeted.



Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

IV-K-11 Financial Assurance – The Boone County Landfill has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. The calculation is made as follows:


|   | Original Area |                  | Expansion Area |                  | Total       |
|---|---------------|------------------|----------------|------------------|-------------|
|   | Closure       | Postclosure Care | Closure        | Postclosure Care |             |
| Total estimated costs for closure and postclosure care                    | \$ 190,000    | 802,500          | 1,463,600      | 784,500          | 3,240,600   |
| Less: Amounts held in the local dedicated fund at June 30, 2010           | (213,600)     | (763,500)        | (1,488,576)    | (752,120)        | (3,217,796) |
| Reallocation of amounts held based on current estimated costs             | 23,600        | (39,000)         | (23,600)       | 39,000           | -           |
| Amounts held in the local dedicated fund at June 30, 2010, as reallocated | (190,000)     | (802,500)        | (1,512,176)    | (713,120)        | (3,217,796) |
| Current year allocations  | -             | -                | 48,576         | (71,380)         | (22,804)    |
| Amounts required to be held in the local dedicated fund at June 30, 2011  | 190,000       | 802,500          | 1,463,600      | 784,500          | 3,240,600   |
| Amounts restricted for closure and postclosure care at June 30, 2011      | \$ 190,000    | 802,500          | 1,480,367      | 793,487          | 3,266,354   |

Boone County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager  
Karen L. Brustkern, CPA, Senior Auditor II  
Michael R. Field, Senior Auditor  
Leanna J. Showman, Staff Auditor  
Victor L. Kennedy, Assistant Auditor  
Ann C. McMinimee, Assistant Auditor  
Justin M. Scherrman, Assistant Auditor  
Samuel M. Wagner, Auditor Intern

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is fluid and cursive, with the first name "Andrew" and last name "Nielsen" clearly legible.

Andrew E. Nielsen, CPA  
Deputy Auditor of State